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NEWS SUMMARY

GENERAL

Syrians lose four jets to Israelis

Israeli jets shot down four Syrian MiG-21 fighters over Beirut, it was announced by Israeli and Lebanese officials. But Tel Aviv denied a claim that two of its jets had been lost.

The Israeli aircraft—which included America's latest and most sophisticated export, the F-15—were on patrol over Lebanon seeking out Palestinian bases, Tel Aviv said.

Beirut Radio said they were intercepted in the area where Israeli jets shot down five Syrian fighters two months ago. Page 4

Energy talks

Members of the Organisation of Petroleum Exporting Countries have proposed international discussions — under United Nations auspices—on the world energy situation. The suggestion came from Algeria, backed by Venezuela. Back Page

Skaters defect

Soviet skaters Oleg Protopopov and his wife Ludmila Balousova asked for political asylum in Switzerland. The couple, Olympic figure skating champions in 1964 and 1968, were on tour. Chess grandmaster Viktor Korchnoi, who was stripped of his Soviet citizenship nine months ago, was granted political asylum by Switzerland.

Lib-Con 'deal'

Liberal employment spokesman Cyril Smith disclosed that he had been called to meet Employment Secretary James Prior and other ministers and that the 11 Liberal MPs had agreed to support Government plans to limit the closed shop. They were also likely to support curbs on secondary picketing. Page 11

£½m gems raid

Two men in pin-striped suits and bowler hats and carrying guns stole gems worth £500,000 in a raid on a jewellery shop in the foyer of London's Hyde Park Hotel. The couple in charge of the shop were gagged and handcuffed and the shop's safe cleared out.

Exit Bokassa

Deposed Central African dictator Jean Bedel Bokassa arrived in the Ivory Coast from France aboard a French Air Force aircraft and was granted asylum. Leaders of the coup which overthrew him said that reports that the ousted emperor had been condemned to death were wrong. Earlier report, Page 4

Oilfield strike

Senior technical staff at the headquarters of the National Iranian Oil Company went on strike in protest against attempts by Iran's religious leaders to oust company chairman Hassan Nazih. Oilfield production has not yet been affected.

Astles surprise

The Ugandan State Prosecutor unexpectedly withdrew four of six theft charges against Robert Astles, British-born aide to Uganda's ousted dictator Idi Amin, at his trial in Kampala.

Briton killed

A member of a British karate team was shot dead and two team-mates were wounded, one seriously, in a fight with local youths outside a Barcelona discoteque. The Britons were in a seven-strong team in Spain for a karate festival.

Briefly . . .

Fire in a South Shields flat killed a man, a woman and a two-year-old girl.

Acid rain, mostly coming from Britain and Germany, is threatening fish in 20,000 Swedish lakes.

BUSINESS

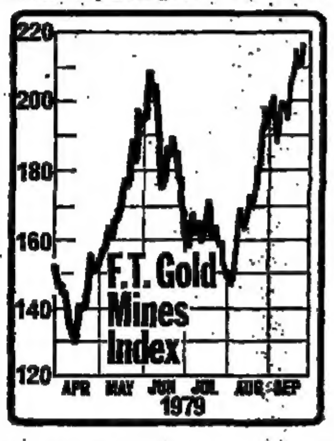
Gold up sharply; Gilts fall

● GILTS fell amid worries over short-term interest rates, the Government Securities Index closing 0.20 down at 72.09.

● EQUITIES began the new account cautiously, influenced by the engineers' strike and the miners' 65 per cent pay claim. The FT Ordinary share index closed 1.7 up at 462.0.

● STERLING closed 65 points down at $2.1570. Its trade weighted index fell to 67.9 (68.2). Dollar's index rose to 84.3 (84.2).

● HEAVY gains in South African golds followed a $9 rise in the bullion price. This produced a 6.3 gain to 216.4 in the Gold Mines Index, its highest level since February 12, 1976.



● GOLD rose sharply in London to close at $378.5, a rise $9 an ounce from Friday.

● WALL STREET was 5.63 [illegible]

● EXXON, the world's largest oil company, has taken the plunge into its $1.17bn (£542m) bid for Reliance Electric by deciding to purchase the shares it has been tendered, even though the takeover is being challenged by the Federal Trade Commission. Back Page

● CHRYSLER UK management worked out a peace formula aimed at ending the 12-week strike at Ryton, Coventry as the fourth two-day strike in as many weeks began in the engineering industry and again attracted widespread support. Back Page

● A FORMER tax inspector has claimed that all Inland Revenue inspectors used comparisons of gross profit margins issued by head office in the controversial "new approach" to investigating small businesses. This has been denied consistently by the Revenue. Page 8

● MANUAL workers at Vauxhall's Luton plant voted at a mass meeting to accept the company's 17 per cent pay offer. Page 12

● THE level of direct taxation in Britain since the June Budget is in line with other industrialised countries, says a study of the leading OECD countries. Page 10

● REAL rates of return in wholesaling and retailing remain much higher than in manufacturing, though all rates are well below the levels of the 1960s and the early 1970s, according to a Department of Industry analysis. Page 11

● HILL Samuel Group is expected to float its third dollar-denominated eurobond issue today, through Morgan Stanley. Page 34

● LADBROKE Group's appeal against the refusal of South Westminster Magistrates to renew four of its London casino licences is to open on November 5 at Knightsbridge Crown Court. Page 8

COMPANIES

● FISONS, the agro-chemical and fertiliser group, reports first-half profits this year 35 per cent down at £7.34m. Page 26 and Lex

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES:		
Assocd. Newspapers	238	+ 8
Automated Security	207	+ 5
Barlow Rand	318	+ 8
Boddingtons Brews.	111	+ 5
DRG	107	+ 4
Decca	330	+ 20
Dutton-Forshaw	54	+ 6
Extel	191	+ 8
Hanger Investments	68	+ 4
Hoffnung (S.)	75	+ 6
HK & Shanghai Bk.	152	+ 10
Hongkong Land	105	+ 8½
Keyser Ullmann	75	+ 6
Land Securities	297xd	+ 6
Latham (J.)	193	+ 6
Laurence Scott	60	+ 6
Lee Cooper	222	+ 7
Paradise (B.)	13	+ 3
Photo-Me	355	+ 35
Spillers	45	+ 2
Sunley (B.)	472	+ 7
Swire Properties	49½	+ 4¼
Tarmac	195	+ 10
BP	1,235	+ 20
Siebens (UK)	282	+ 16
Anglo American	447	+ 16
Blyvoor	406	+ 17
Doornfontein	370	+ 17
North Kalgurli	25	+ 3½
Rustenburg Plat.	157	+ 7
South African Land	172	+ 21
Vaal Reefs	£19¼	+ ¾
Vlakfontein	99	+ 16
FALLS:		
Treasury 11¾pc '03-07	£94⅝	− 7/16
Chubb	124	− 8
European Ferries	120	− 15
Natl. Carbonising	84	− 7

$ under pressure following D-mark revaluation

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

The dollar remained under pressure yesterday in foreign exchange markets unsettled by the early hours announcement of the revaluation of the Deutschemark.

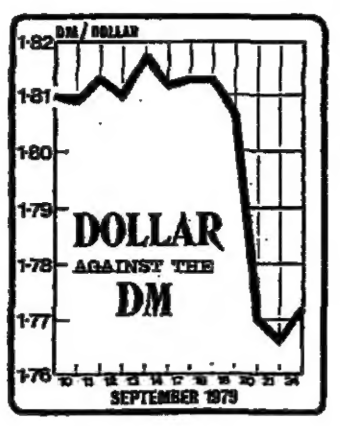
The move was not a great surprise in view of turbulent market consditions and heavy central bank intervention last week and increasing strains within the European Monetary System over the past couple of months.

However, dealers were last night suspending judgment about whether it was sufficient to relieve pressures within EMS or to have any significant impact on the dollar.

In the first realignment of parities in the EMS since its start on March 13, the D-mark was revalued by 2 per cent against the French, Belgian and Luxembourg francs, the Dutch guilder, the Italian lira and the Irish punt.

At the same time the Danish krone was devalued by 3 per cent against these six currencies.

These changes were announced after a 15-hour meeting in Brussels of Finance Ministers and central bank governors. Although sterling is not linked to other EEC currencies, the UK Government was invited to attend but decided against, and was kept in touch by telephone.



The initial market reaction yesterday was a weakening of the D-mark as profits were taken by those who had built-up speculative positions in anticipation of revaluation. This affected not only parities within EMS but also the dollar/D-mark rate.

The result was that the dollar rose from Friday's close of DM 1.7645 to above DM 1.77 but this rally did not last long and there was renewed selling pressure by the late morning.

However later in the day further D-mark profit-taking and significant central bank intervention, notably by the U.S. Federal Reserve, pushed the dollar up to DM 1.7715 by the close. The U.S. currency rose from SwFr 1.5710 to SwFr 1.5775.

EEC finance ministers said the adjustments were designed to contribute to the more orderly development of foreign exchange markets and help the stability of currencies outside the system.

While some of the immediate attractions of the Deutsche Mark may have been reduced by the revaluation, dealers still question whether any causes of the dollar's recent weakness have been eliminated.

Mr. Paul Volcker, chairman of the U.S. Federal Reserve Board,

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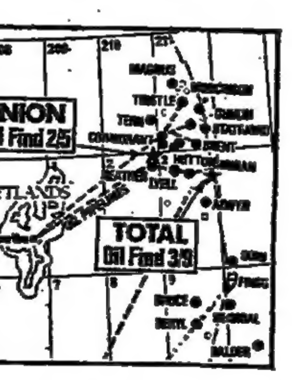
Total and Union confirm N. Sea oil discoveries

BY RAY DAFTER, ENERGY CORRESPONDENT

OFFSHORE exploration groups have confirmed two promising oil discoveries in the UK sector of the North Sea.

A group led by Union Oil of California has successfully tested oil flows in a well on block 2/5, about 7½ miles south west of its Heather Field, which was brought on stream almost a year ago.

The French company, Total, as operator on block 3/9, is believed to have found more oil immediately north of its Alwyn Field.



The drilling rig Pentagone 84 has not completed operations on the structure, which has already been penetrated by three previous oil wells. But it appears that Total is considering a further well next year. If this is also successful, the offshore group may apply late next year for Department of Energy approval to develop the field, possibly with a fixed steel platform.

Union Oil's discovery could be easier and less costly to exploit, because of its close proximity to the Heather Field, which lies in a separate geologic structure. Union said yesterday that the drilling rig Venture 2 had tested an oil flow at a combined rate of 6,000 barrels a day from three zones between 8,269 and 8,506 ft. The gravity of the oil ranged from 31 to 36 degrees API, similar to the reasonably light oil in Heather. The oil was allowed to flow through choke sizes of ¼ to 1 inch.

The Union group said it intended to carry out further drilling on the structure. It is possible that the next well could be drilled later this year.

If the reservoir is considered a commercial proposition it could be exploited in conjunction with the Heather Field, possibly by means of sub-sea wells linked to Heather's fixed steel platform. The Heather Field, which has an estimated 150m barrels of recoverable reserves, is expected to yield a peak flow of 50,000 barrels a day.

Union Oil's UK subsidiary, Unionoil of Great Britain, holds a 31.25 per cent interest in the block. Other participants are Tenneco UK (31.25 per cent), Getty Oil (Britain) (31.25 per cent) and the Norwegian oil company DNO (UK) (6.25 per cent).

Gas crisis, Page 24

Dalgety extends offer date

BY RAY MAUGHAN

DALGETY HAS won formal approval from shareholders to proceed with the £70m bid for Spillers, the flour miller and processor. But after counting up the acceptances received after the offer first closed last Friday, Dalgety, the international food trader found that it controlled only 29.1 per cent of Spiller's equity. The offer has been extended until next Monday.

Dalgety polled its shareholders at yesterday's extraordinary meeting called to vote on the necessary capital increase and this was passed by a two-to-one majority. Holders of 30.15 per cent of the shares voted for the resolution to increase the ordinary share capital and 15.47 per cent voted against. Proposals to lift the preference capital were supported by a similar margin.

Mr. David Donne, chairman of Dalgety, told shareholders: "Any increase in the offer can only be made by coming back to you for your consent and, as an aside, I can see no grounds whatsoever for doing this." He ruled that the possibility of a cash offer and consent to raise the share terms would have to be gained at another extraordinary meeting, to be held a fortnight after the current extension period ends.

Dalgety has, however, forecast a 10 per cent dividend increase for the financial year ending next June. The company will therefore recommend a total payment of 22p per share which will include an interim distribution of not less than 11p per share next July.

Mr. Donne said that profits in every region are ahead of this time last year and have climbed from £900,000 to £3.8m in the first two months of the current trading year.

In spite of the low level of acceptances, Dalgety was confident the offer would win more pronounced support now that it had been approved by the shareholders.

But Michael Vernon, chairman of Spillers, was equally confident that "they won't succeed." The acceptance level, he said, "was a pretty resounding sort of response" and he felt that the number of Dalgety shareholders voting against the resolution was an "unusually powerful voice saying no."

He was certain that Spillers' shareholders "would rather stay with us in the UK food business where they think we really have growth prospects." He expected to write to shareholders again later this week.

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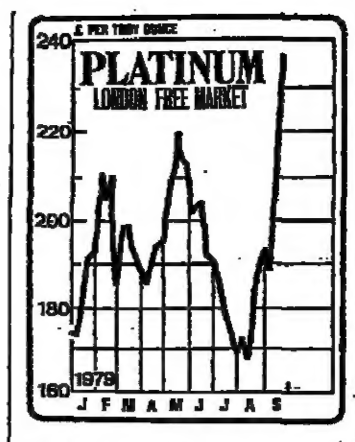

Platinum leads rise in prices

By John Edwards, Commodities Editor

PLATINUM led renewed rises in prices of precious metals yesterday with further sizeable increases in gold and silver.

The free market price of platinum jumped in London by £16.85 to a record £237.35 a troy ounce. The dollar quotation broke through the $500 barrier for the first time, gaining $34.50 to $511.50 an ounce. This compares with the official price of $380 charged by the South African producers, which provide the bulk of the world's supplies.

London dealers said there was no fundamental reason why platinum prices should have soared so sharply.

But it is believed that speculators in the U.S. markets have been forced to pay much higher "margins"—or deposits—for gold and silver futures in a bid to steady the market and have switched to platinum. This was left behind in last week's precious metals boom.

Conditions were much calmer in the gold market. The London afternoon fixing was set at a record $380.40 a troy ounce, before drifting back in later trading to close at $378.50, still $9 up on Friday's close.

Silver prices were also substantially higher, although trading activity was subdued. At the London morning fixing, the spot quotation for silver was lifted to 741.8p a troy ounce, 90.8p higher than the previous fixing on Friday. Prices drifted lower in the afternoon and on the London Metal Exchange the cash price closed at 727p an ounce, 48.5p up on Friday afternoon's close.

£ in New York

—	Sept. 21	Previous
Spot	$2.1675-1690	$2.1620-1635
1 month	0.34-0.29 dis	0.34-0.29 dis
3 months	0.93-0.88 dis	0.92-0.87 dis
12 months	3.30-3.15 dis	3.35-3.25 dis

Nkomo drops objection to white seats

BY BRIDGET BLOOM AND MICHAEL HOLMAN

AGREEMENT ON a new constitution for Zimbabwe-Rhodesia is within the reach of the Lancaster House conference, following acceptance by both sides of key British proposals.

The Patriotic Front guerrilla alliance yesterday withdrew its objections to special seats for whites in a new Parliament, thus matching the concession made last Friday when the Salisbury Government agreed to surrender white veto powers.

Agreement on these two fundamental issues will, it is thought, pave the way for broad constitutional agreement between the three parties to the Lancaster House talks, possibly by th end of this week.

The Patriotic Front, led by Mr. Joshua Nkomo and Mr. Robert Mugabe, accepted the principle of white Parliamentary representation at yesterday morning's bilateral session at Lancaster House.

This was chaired, in Lord Carrington's absence at the UN General Assembly in New York, by Sir Ian Gilmour, Lord Privy Seal.

The overall number of seats for whites in a new national assembly is still to be negotiated. So far, the Front has suggested 24 white seats out of 120, while the Salisbury Government accepts 20 out of 100. Both meet the British requirement that 20 per cent of seats in the new parliament should be filled by whites.

The Front's first suggested way of electing whites was described as "an attempt to ameliorate the racism that has been foisted on us by the British."

It provides for the election of nine of the proposed 24 white seats on a common roll of black and white voters.

Most observers were agreed last night that this is unlikely to be accepted and that the Front's second proposal that all 24 reserved seats should be elected by whites only will be adopted.

Delegates to the conference were yesterday assessing the likely political effects of the Front's proposals. As one member of the Salisbury delegation put it: "People at home may believe the Patriotic Front is stealing a march on us.

"If they don't look at the fine print, they'll think the Front is giving whites more seats than we are."

But against this, it was pointed out that the 24 white members could all be allies of Bishop Muzorewa. The Patriotic Front would then have to win 61 out of the 96 black seats to secure a Parliamentary majority.

The Front's decision to accept white representations, which was welcomed by Britain yesterday as marking "significant progress," is mainly the result of pressure on the alliance from the front-line African states, especially Zambia and Mozambique.

Britain has agreed with Zambia and Mozambique by accepting an agenda in which agreement on a constitution will be followed by discussion of "pre-independence arrangements." These are "elections, cease-fire and military arrangements, administrative arrangements, and the maintenance of law and order during the transitional period".

Nigeria lifts embargo on British tenders

BY MARK WEBSTER

NIGERIA HAS apparently lifted its embargo on British companies tendering for major federal government contracts.

Lagos indicated three months ago that it would not consider tenders by British companies for some major federal government contracts until the UK Government clarified its Rhodesia policy. This was seen as a warning to Mrs. Margaret Thatcher, the Prime Minister, against recognising the Muzorewa government in Salisbury.

Neither the embargo's imposition nor its removal have been officially announced by the Nigerian Government, but businessmen in Lagos confirm that it has been lifted. This is seen here as a significant improvement in Anglo-Nigerian relations, which reached rock bottom on the eve of last month's Commonwealth conference when Lagos nationalised British Petroleum's holdings in Nigeria.

The removal of the embargo follows Britain's clarification of its Rhodesia policy at the Commonwealth conference and the conference's adoption (with Nigeria concurring) of a oint

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REALIGNMENT IN THE EUROPEAN MONETARY SYSTEM

Action forced by renewed dollar crisis

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE REALIGNMENT of exchange rates within the European Monetary System announced early yesterday morning after 15 hours of talks is only one part of a wider currency crisis which has developed over the past fortnight.

The revaluation of the Deutsche Mark is to a considerable extent a direct result of the turbulence of the foreign exchange and bullion markets which have weakened the dollar and pushed up the price of gold and silver. But even without these external pressures there would have been strains within the EMS which might sooner or later have led to realignment.

Indeed, ever since EMS started on March 13 with the currencies of all nine EEC countries except the pound, there has had to be regular intervention. The main strains have arisen from the weakness of the Danish krone and the Belgian franc.

The main reason for these strains is the big difference in the economic performance of the EMS participants. Even after the acceleration in the West German inflation rate this year the rate of price increase is still likely to be higher in Belgium and the Netherlands, and more than twice as fast in France and Denmark.

Before the EMS started and the snake, the old European joint float, was in operation, these differences in performance and in trade balances resulted in a series of regular small changes in central exchange rates every nine months to a year. The latest strains might have been manageable for a few months more if it were not for the oil crisis and the reappearance of pressure on the dollar.

The rise in oil prices in the spring and early summer produced an acceleration in inflationary pressures already in existence and Governments of most EEC countries, notably West Germany reacted by tightening monetary policy and raising interest rates. This led to fears of a competitive round of interest rate increases.

The final twist has been provided by the renewed dollar crisis and by the surge in gold prices. Mr. G. William Miller, the U.S. Treasury Secretary, has tried to shrug off talk of a crisis as totally misguided. But top financial officials have become very concerned in the past few days about the volatility of markets.

Movements of the dollar and gold have traditionally mirrored each other with a rise in the price of gold reflecting the desire of investors to switch out

Currencies, Page 37

of dollars. While there is an element of dollar weakness in the current enthusiasm for gold, it is much more than this since the price of gold has also been rising in terms of Swiss francs and Deutsche Marks. It is possible that some of the oil-producing states are using the cash generated by the oil price rise to buy gold rather than to invest i· dollars or other currencies.

Apart from portfolio diversification the dollar has also been depressed by the market's concern about a continuing high rate of U.S. inflation over the next few years, worry about the U.S. Administration's willingness to maintain a tight monetary policy in a presidential election year and the rise in European interest rates.

The selling pressure built up from mid-September onwards with very large intervention each day last week. Late on Wednesday a large order or orders appeared which caught the U.S. authorities unawares and the sales were not absorbed by the central banks. When markets opened the following day in the Far East, dealers did not notice any of the familiar signs of central bank action, selling increased and the rate dropped sharply. The dollar fell to DM 1.76 compared with what had been seen as an unofficial floor of DM1.80. The Central banks reappeared within a few hours with several hundred million dollars of support by the Federal Reserve and the Swiss National Bank on both Thursday afternoon and Friday. The result was to leave the market thoroughly confused about whether the central banks are seeking to establish a new floor of DM 1.76 to DM1.77.

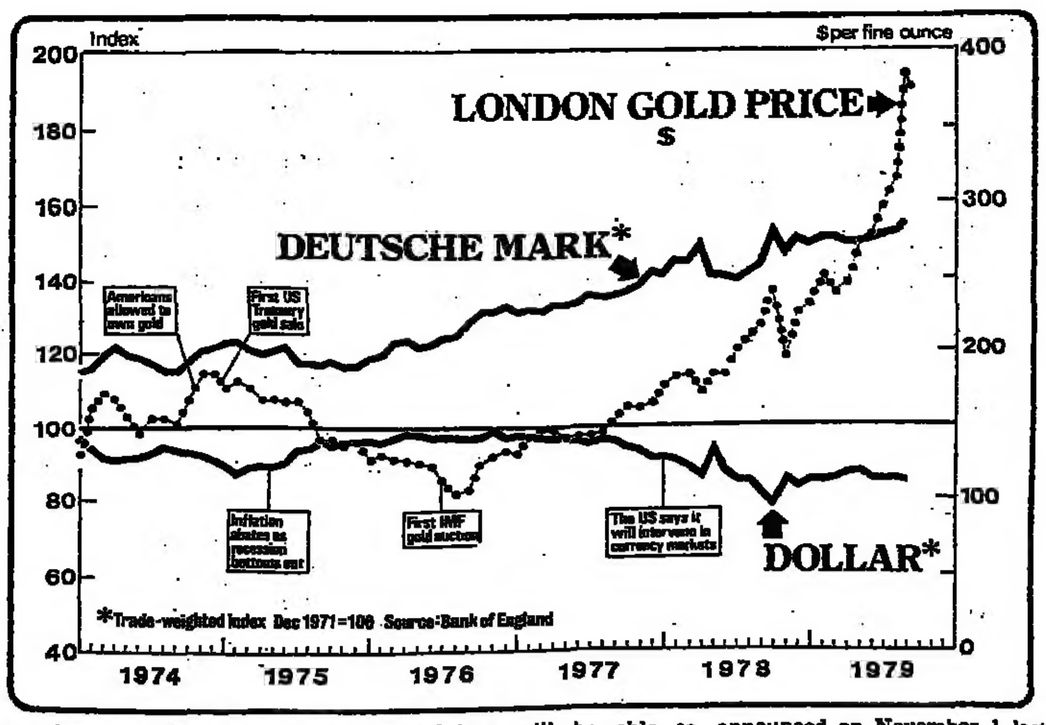
The importance of this for the EMS is that when the dollar comes under pressure there tends to be much greater demand for the Deutsche Mark than for other European currencies. This pulls up the Deutsche Mark compared with other EMS participants.

The pressures were so intense that a meeting of EEC finance ministers had to be arranged hurriedly for Sunday. Changes in parities are allowed under EMS rules, though only after consultation. The West Germans were willing from the start to offer a small (2 per cent) revaluation and much of the discussion was concerned with whether those countries with weaker currencies should devalue. In the end the Belgian Government resisted the call for a devaluation of its franc though the Danes agreed to a 3 per cent devaluation.

The official hope is that this first EMS realignment will help both to relieve pressures within the EMS and contribute to more stable foreign exchange markets generally. The market reaction yesterday was sceptical even though some of the speculative positions built up in anticipation of a Deutsche Mark revaluation were being unwound.

Within the EMS itself the test is whether the revaluation of the Deutsche Mark is large enough to avoid further strains and whether, or for how long, the Belgians will be able to keep their franc within the 2¼ per cent margins of the system. The broader question is whether the European moves will make any sustained impact on the dollar.

Consequently there is still speculation about the possibility of a further dollar support package to supplement the one announced on November 1 last year. But there are optimists who believe that the current weakness will soon be reversed and that the dollar may strengthen during the winter as the U.S. current account improves in response to the deepening recession. However, the market's mood at present is still decidedly jittery.



INTERVENTION RATES

	D-Mark	French franc	Dutch guilder	Belgian franc	Italian lira	Danish krone	Irish punt	ECU central rates: % divergence indicator
D-Mark	—	2.3033 2.4093	1.080775 1.1305	15.6740 16.3955	439.312 495.287	2.8976 3.0309	0.26323 0.27553	2.48557 ±1.125
French franc 10	4.1505 4.3415	—	4.5880 4.7990	66.5375 69.600	1,864.9 2,102.5	12.30012 12.86670	1.11739 1.16881	5.85522 ±1.3575
Dutch guilder	0.88455 0.92525	2.0838 2.1796	—	14.1800 14.8325	397.434 448.074	2.62140 2.74198	0.23813 0.249089	2.74748 ±1.515
Belgian franc 100	6.0990 6.3800	14.3680 15.0290	6.7420 7.0520	—	2,740.44 3,089.61	18.0750 18.9072	1.64198 1.71755	39.8456 ±1.53
Italian lira 1,000	2.019 2.276	4.7560 5.3620	2.23175 2.5160	32.365 36.490	—	5.9834 6.7457	0.543545 0.612801	1,159.42 ±4.08
Danish krone 10	3.2995 3.4510	7.7720 8.1300	3.6470 3.81475	52.890 55.325	9,482.42 1,671.30	—	0.88822 0.92909	7.36594 ±1.635
Irish pnt	3.6320 3.7990	8.5555 8.9495	4.0145 4.1995	58.2225 60.9020	1,631.85 1,839.78	10.76322 11.2585	—	0.669141 ±1.665

QUANTITIES OF EACH CURRENCY IN ECU BASKET+WEIGHTING PER CENT

D-Mark	£ sterling	French franc	Lira	Guilder	Belgian franc	Lux. franc	Danish krone	Irish punt
0.828 (33.3%)	0.0885 (13.6%)	1.15 (19.6%)	109 (9.4%)	0.286 (10.4%)	3.66 (9.5%)	0.14 (0.36%)	0.217 (2.94%)	0.00759 (1.13%)

Unofficial figures compiled by the Financial Times.

Pound up 2% against the ECU

By Nicholas Colchester

THE BANK of England has allowed the pound sterling to be revalued by 2 per cent against the ECU, the basket of currencies which forms the centrepiece of EMS. Its new central rate is £0.649821 against £0.663247 before.

This change, which involves a slight revaluation of the pound against most of the EMS member currencies, has no relevance to the market rate of exchange of the pound because sterling is not a member of the European monetary system — though one of the constituents of the ECU. Its significance is that it removes a distortion which had crept into the so-called "divergence indicator" of the EMS as a result of the pound's strength.

The new statistical basis for EMS is shown in the table (left). In agreeing a consistent set of exchange rate shifts within the system, the ministers and central bankers defined a new parity grid—the set of cross-rates which is the strongest constraint on currencies within the system.

Given that the ministers also agreed to leave the quantities of each currency in the ECU basket unchanged, it was then relatively simply to calculate the new value of the ECU in each currency—the new central rates.

The rules for the divergence indicator—the second, rather looser constraint governing EMS currencies—are affected by the re-alignment. The central rate weightings of each currency in the basket (the proportion of the ECU's total value due to each currency) have changed. As a result the divergence limits for each currency (which vary with each currencies weight) have changed too.

Brussels fears renewal of farm price row

BY MARGARET VAN HATTEM IN BRUSSELS

THE REALIGNMENT of European Monetary System currencies over the week-end has revived fears of a renewed clash over farm prices between France and Germany.

This was the issue that delayed introduction of the European Monetary System for three months earlier this year. The 2 per cent revaluation of the Deutsche Mark agreed here early yesterday will probably be absorbed fairly easily by the farm sector, requiring only minor changes in the "green rates" used to convert common farm prices from ECU (European currency units) into national currencies. However, should further international currency unrest increase, pressure for a further revaluation of the Deutsche Mark, as is feared in some quarters, the resulting tensions could undermine the "gentleman's agreement" on farm pricing arrangements which was hastily cobbled together in March to clear the way for introduction of the EMS.

The dispute erupted last December when France, resentful of the high Community subsidies paid on German farm exports, blocked the EMS with demands that "green" currency rates be aligned with foreign exchange rates within a fixed period. This would have abolished the subsidies on German farm exports and levies on French ones (monetary compensatory amounts), which had been introduced to shelter the farm sector from earlier currency instability.

Germany, determined for domestic political reasons to resist cuts in its farmers' incomes, refused to contemplate the French demands, and the deadlock was not resolved until March. The compromise, basically a face-saver for the French, was a "gentleman's agreement" between the eight countries taking part in the EMS (Britain refused to sign) to curb the MCA's of strong currency countries should their currencies appreciate after the introduction of EMS, and to phase out newly-created MCA's over a two-year period.

The eight agreed that should the DM, for example, revalue, the first 1 per cent would not be compensated by a subsidy and farmers would have to accept the resulting price cut. Thereafter, subsidies would be introduced in the normal way.

Yesterday's 2 per cent DM revaluation fully absorbs this margin. The remaining 1 per cent is partly offset by the rise in the value of the ECU, of which the DM represents about 30 per cent. Unless the other EMS currencies *fall sharply* this week, the German MCA will probably rise by less than 0.5 per cent.

U.S. Treasury welcomes revaluation

By David Buchan in Washington

U.S. TREASURY officials yesterday welcomed the revaluation of the D-Mark against other currencies in the European Monetary System as relieving pressure on the dollar. It was felt that the move could lessen pressure from the Federal Reserve Board to raise U.S. interest rates.

Mr. Paul Volcker, the Fed chairman, and Mr. Anthony Solomon, Treasury Under Secretary for Monetary Affairs, said over the weekend that last week's turbulence in the currency markets was as much the result of the strength of the Mark as intrinsic weakness of the dollar. In the past, Germany's partners have frequently sold dollars to maintain their currencies' parities with a rising Mark inside the EMS.

There were signs that the U.S. wil ltake up the call made by M. Rene Monory, the French Finance Minister, for new talks between Washington and EMS countries on stabilising the dollar.

Mr. Solomon has denied any new agreement between the U.S. and West Germany to peg the dollar at around DM1.76.

Germany heaves sigh of relief

BY JONATHAN CARR IN BONN

THE REVALUATION upwards of the Deutsche Mark within the EMS has been hailed with almost unparallelled satisfaction and relief by West German politicians, bankers and industrialists. But there remains a question mark over how long the solution found in Brussels will hold, since the weak Belgian franc was not devalued alongwith the Danish krone.

This reaction is almost the opposite of that thought likely by many other Europeans when the EMS was being established. Then, it was suggested that the West Germans were seeking to hold down the Deutsche Mark artificially and flood the markets of partner countries with cheaper exports.

In fact, the disadvantages for West German domestic inflation of a relatively weak Mark this year have become increasingly apparent. Hence the readiness of West German monetary authorities to offer a revaluation in the Brussels meeting on Sunday, and the widespread satisfaction at the result even among West German exporters.

It is felt that it will help West Germany's battle against inflation (running at 4.9 per cent at an annual rate) in two main ways. It will help cut imported inflation, and it should, for a time at least, reduce the need for the Bundesbank to intervene heavily in the currency market. The West Germans argue that this intervention swells domestic money supply and adds to inflation.

With import prices up in July by 16 per cent at an annual rate, there was wide recollection of the "good old days" when a strengthening currency helped protect West German enterprises against the impact of cost increases in foreign oil and raw materials.

Meanwhile, the Bundesbank has been intervening both to support the dollar rate and within the EMS, principally to help the Danish krone and the Belgian franc.

The latest report reveals that its EMS intervention between mid-March (when the system formalyl began operation) and the start of this month totalled more than DM8 bn—of which DM 5.5bn was for currency support before the formal intervention points established within the system had been reached.

Quite apart fro mits intervention on behalf of the dollar, the Bundesbank thus argued that a considerable inflationary potential from the EMS was already present. Wiht the dollar's sharp fall last week—and the flight of many dollar-holders into their traditional havens: the Deutsche Mark and the Swiss franc—this potential was further increased.

Dr. Otmar Emminger, the Bundesbank president, argued in an interview this weekend—before the Brussels meeting—that the worst of the push to West German inflation this year might nearly be over. He suggested that the oil price increase and the mid-year rise in VAT had now largely worked through and that, given moderate wage accords this winter, the inflation rate might fall in 1980. The new revaluation has helped reinforce that prognosis.

But it is also pointed out that this development in itself may presage further currency instability in the medium term. It is argued that if the West German inflation rate falls while that in the U.S. remains high, there will be a further temptation for dollar-holders to switch to D-marks, even with interest rates at a record high in the U.S.

Belgian franc trading quietens

BY GILES MERRITT IN BRUSSELS

THE BELGIAN Government and leading financial institutions in Brussels believe that the 2 per cent upvaluation of the Deutsche Mark will significantly reduce speculative pressure on the Belgian franc. But analysts also warn that the respite is almost certainly temporary.

M. Gaston Geens, the Belgian Finance Minister, declared that the Deutsche Mark's revaluation was adequate to restore calm to the foreign exchange markets. Trading in Belgian francs was noticeably subdued yesterday, in contrast to last week's heavy selling. The gap between the external, convertible franc and the domestic financial franc which has not been supported by the central bank narrowed yesterday to less than 4 per cent from the 4.7 per cent reached last week.

During the first three weeks of this month support buying for the hard-pressed Belgian franc has cost the country BFr 22.7bn (about £348m), or 10 per cent of foreign reserves.

The Belgian Government opposed any revaluation of the Belgian franc that would, in addition to the Deutsche Mark revaluation, have lifted the Belgian currency higher inside its 2.25 per cent fluctuation margin.

The Belgian currency remains close to falling through its divergence indicator, which could trigger fresh instabilities within the EMS. But Belgium's internal political and economic priorities preclude any devaluation.

The country's inflation rate has been reduced from around 15 per cent in 1975 to an annualised rate of 4.8 per cent last month, and the Government is determined to avoid any devaluation that would swell import costs and reverse the trend in the inflation rate.

Linked to that policy is the Government's attempt to negotiate a wages freeze with the trade unions and the employers.

Although the expected calm on foreign exchange markets that the D-Mark revaluation may yield for several months should allow Belgium interest rates to drop for a while, while industrial demand is forecast to pick-up appreciably in the fourth quarter, Belgium analysts remain fearful that 1980 will witness a fresh Belgian franc crisis.

Temporary breathing space for the lira

BY RUPERT CORNWELL IN ROME

ONLY a temporary halt is expected in the steady weakening of the Italian lira, as domestic inflation worsens.

The dollar rose in Milan yesterday to L806.75 from L805.75 at Friday's close. In addition to the revalued Deutsche Mark, other leading European currencies, including the Swiss, French and Belgian francs, all strengthened against the lira.

The changes agreed in Brussels are generally seen as consistent with the Italian monetary authorities' policy of allowing the lira to depreciate slightly against the stronger currencies of the Nine, while remaining strong against the dollar.

For the time being, most dealers expect the lira to avoid serious problems, thanks to the special 6 per cent fluctuation margin agreed as part of the terms for Italian membership of the EMS.

Denmark

Danish officials expressed satisfaction with the adjustment of the krone's EMS value, while emphasising that the adjustment does not constitute a real devaluation, and was not made at Danish request, writes Hilary Barnes in Copenhagen.

Mr. Erik Hoffmeyer, the central bank governor, pointed out that, after allowing for the weakening of the dollar and sterling in recent weeks, the trade-weighted value of the krone will show little or no change.

The krone moved to the top of the EMS currency band yesterday, and there was speculation that the central bank would be able to reduce the discount rate, which last week went up from 9 per cent to 11 per cent.

France

French authorities yesterday expressed their satisfaction with the readjustment despite the Government's previous attachment to maintaining the Franc-Deutsche Mark parity, writes Terry Dodsworth in Paris.

The Government was forced to accept the principle of a limited realignment after heavy intervention by the Bank of France to keep the franc above its floor level against the D-Mark, which is estimated to have cost about $200m.

M. Rene Monory, Economy Minister, said yesterday that the Brussels decision gave "an essential proof of the proper functioning of the EMS."

Some doubts were raised here, however, about the franc's ability to keep in line with a D-mark revalued by only 2 per cent.

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Report calls for fewer EEC Commissioners

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT IN BRUSSELS

THE NUMBER of European Commissioners should be cut to one per country, their responsibilities reorganised and the Commission's ossified staff structure shaken up to improve its administrative efficiency, according to a report published yesterday.

The report, written by a five-man panel chaired by Mr. Dirk Spierenburg, a Dutch former permanent representative (ambassador) to the EEC, finds fault with many of the Commission's present operating methods.

Probably its most controversial proposal is that from the start of 1981, EEC governments should each be allowed to appoint only one member to the Commission. At present, the Commission has 13 members, two appointed from each of the four big countries and one from each of the five smaller ones.

The authors argue that the Commission's work divides naturally in such a way that there are only eight real sectors of responsibility or portfolios, and that some of the present members are under-employed as a consequence.

The president of the Commission should have no specific portfolio beyond that of supervising broadly internal co-ordination, and should be left largely free to represent the EEC viewpoint on the international scene. He should be assisted by a single vice-president, who would be chiefly responsible for organising day-to-day operations.

The president-elect should also be allowed to reject governments' first choice of nominees before the Commission was formed if he thought them unsuitable. That would prevent a repetition of Mr. Roy Jenkins' unsuccessful efforts four years ago to dissuade the West German Government from re-appointing Herr Wilhelm Haferkamp whose subsequent performance as External Affairs Commissioner has been widely criticised.

The report also recommends that members of the Commission should spend more time in their offices and less travelling around the EEC and visiting their home countries. Mr. Spirenburg said yesterday that much of the responsibility for spreading information about the EEC's activities to the world at large could in future be left to the directly elected members of the European Parliament.

The report, which was requested by the Commissison itself at the start of this year, has not as yet been endorsed by EEC governments.

IMF team leaves Lisbon

BY OUR LISBON CORRESPONDENT

THE THREE-MAN team of the International Monetary Fund has left Lisbon without reaching agreement on a third $50m standby loan.

The Bank of Portugal confirmed yesterday that the team had left for Washington at the end of last week. No date has been set for any new negotiations which means the Portuguese Government will end the 1980 financial year without the monetary imprimatur of the fund.

However, Sr. Antonio Sousa Franco, the Finance Minister, considers the country's present financial position to be healthy enough to delay a new deal with the IMF.

Officials said over the weekend that recent operations on the international money markets had secured sufficient credit for the state and public sector to cover balance of payments and other debts until at least the end of the year.

Once a new government takes over after the December elections, however, the IMF is likely to be invited back to Lisbon for a further round of talks to secure Portugal's financial standing in the coming year.

Rotterdam dockers go back to work

ROTTERDAM—About 7,000 dock workers went back to work yesterday at Rotterdam's general cargo terminals exactly four weeks after they started an unofficial strike for higher pay.

A port spokesman estimated that the strike cost Fl 4m in lost harbour revenues. He said the genaral cargo sector was now almost back to normal although some terminals were still affected by a tugboatmen's dispute.

The dock workers' strike was called off on Saturday after hundreds of strikers defied pickets to resume work after their union promised members Fl 550 (£128) each as an advance payment on a new employment agreement.

Meanwhile, workers at the giant Shell refinery at Pernis near Rotterdam went on strike yesterday to protest at the management's refusal to meet their demands for a 35-hour week and working in five shifts a day. Shell provides about 25 per cent of all oil products in the Netherlands.

● A Rotterdam court decided yesterday that Mr. Pieter Menten, the Dutch millionaire, was mentally unfit to stand trial a second time on war crimes charges. The trial had been scheduled to open in Rotterdam today.

The 80-year-old art collector, who was not present yesterday, had appealed to the court that he was not well enough to stand trial again and three doctors were appointed by the chamber to examine him.

A Justice Ministry spokesman said the Public Prosecutor would appeal to the Dutch Supreme Court against the court's ruling.

Mr. Menten, a diabetic, was convicted in December 1977 of helping to kill about 30 Poles, mostly Jews, in 1941 when he worked as an interpreter for the occupying Nazis in Poland. He was jailed for 15 years.

But a Hague court annulled the verdict last December on the ground that he had been given immunity from prosecution by the Dutch Justice Ministry in the early 1950s.

A government commission of inquiry reported earlier this month that Mr. Menten had not been given any immunity pledge.

Reuter

Chirac move to heal Gaullist split

BY DAVID WHITE IN PARIS

M. JACQUES CHIRAC, the Gaullist leader, returned to the political stage at the weekend to present a new, conciliatory image designed to bring together the dissenting factions within his RPR party.

His address to the party's Central Committee marked his first major appearance since the Gaullists held their painful post-mortem on the European Election three months ago.

M. Chirac's long silence and the tone of his address contrast strongly with his earlier fierce attacks, aimed directly at the Government, for which the RPR provides the largest body of voting support in Parliament.

His personal tirades against government leaders resulted in the disaffection both of the party's Cabinet members and government supporters and of several influential Gaullist figures who distrusted his style of leadership.

M. Chirac's bid to bring the Gaullist movement and public support behind him is clearly conceived with a view to providing a credible Gaullist candidacy in the Presidential Election to be held in 18 months' time.

M. Chirac, who was President Giscard d'Estaing's first Prime Minister, said that the Gaullist movement needed reform in its structures, habits, methods and language to reinforce its internal cohesion.

He conceded that "errors may have been committed," in the Gaullists' campaign presentation for the European Election, when the RPR hit rock-bottom with only 16.25 per cent of the votes, less than any of the country's three other major parties.

After the election, M. Chirac dropped two of his closest advisers, M. Pierre Juillet and Mme. Marie-France Garaud, who were considered eminences grises within the party. Party officials confirmed him as leader but censured his aggressive tactics.

M. Chirac made clear that his campaign would not be directed against the Government in Parliament. "The political changes we seek cannot come from a political manoeuvre in which the Socialist and Communist Opposition would participate in purusit of different objectives," he said.

He remained firm, however, in his verdict on government policy, speaking of "rising exasperation" in the country and warning that this could provoke "some brutal reaction."

M. Jean Meo, his chief economic adviser, presented the outline of an economic programme to replace the austerity plan followed by Mr. Raymond Barre's governments.

The programme would involve reviving investments and exports and abandoning the principle of "gentle growth."

Such a programme, he said would be less costly than unemployment benefits.

M. Jacques Chirac . . . bid to win public support

Madrid gives frank warning on Basques

By Robert Graham in Madrid

IN AN unusually frank statement on violence in the Basque country, Sr Augustin Roderigues Sabagun, the Spanish Defence Minister, has warned Spaniards against any easy short-term solution. The militant Basque nationalists were not going to change their attitudes from "one day to the next," he said.

His statement followed the assassination in San Sebastian on Sunday of General Lorenzo Gonzalez-Valles, the military governor of the province of Guipuzcoa.

The third high ranking officer to be killed in the Basque country in the past five days, the general was walking along the San Sebastian seafront with his wife at midday, when he was shot by a youth with a pistol. No one has claimed responsibility yet but the killing is presumed to be the work of the radical military wing of ETA, the Basque separatist organisation.

The Government has rarely made any comments this year after political killings, but when made, they have tended to emphasise that the battle against terrorism would be won.

It is concerned that ETA has embarked on a new campaign of violence timed to coincide with the referendum on the autonomy statute for the Basque country.

Suspended jail term demanded for Reksten

BY FAY GJESTER IN OSLO

THE PROSECUTION has called for a two-and-a-half-year suspended sentence against Mr. Hilmar Reksten, the Norwegian shipowner, whose five week trial on tax and currency charges ended in Bergen's Municipal Court on Monday. The prosecution is also seeking costs and a fine of NKr 1m (£92,000). The fine would be over and above any back taxes which Mr. Reksten might have to pay if found guilty as charged.

He is alleged to have evaded tax totalling about NKr 430m (£40m) between 1971 and 1974.

His defence lawyers called for a verdict of not guilty on all counts. Some 15 separate offences are alleged, most of them involving companies registered abroad. In a subsidiary plea, the lawyers asked for a milder sentence than the one requested by the prosecution, if Mr. Reksten should be found guilty on any of the charges.

An official of the court said on Monday that the judge's verdict would not be published for "a couple of months at least."

In his summing up, Mr. Carsten Espelid, the prosecuting attorney, said that because of the seriousness of Mr. Reksten's offences, an unconditional prison sentence would have been appropriate. The decision to ask for a suspended sentence had been taken in consideration of the shipowner's poor health which made it "pointless and unrealistic" to request his imprisonment. Mr. Reksten is 82.

The Government alleges that Mr. Reksten evaded income tax and broke currency regulations by channelling profits from his Norwegian-based shipping companies to a network of companies in foreign tax havens. He is also alleged to have refused to produce all the documents requested by tax inspectors and the Bank of Norway.

The recently-created "white collar crime" division of the Norwegian police, assisted by tax men and Bank of Norway experts, has put more than two years' work into preparing the case. It is regarded here as a test of the authorities' ability to compel Norwegian companies—in shipping and other fields—to follow the country's very strict tax and currency rules.

If the charges against Mr. Reksten are proved, it could pave the way for prosecution of several other concerns whose foreign transactions have recently been under official scrutiny.

Mr. Reksten has attended court every day, but he has refused to give evidence. He intends to appeal to a higher court if found guilty, and is saving his strength, and his arguments, for this eventuality.

His two defence lawyers have also taken a relatively passive line throughout most of the trial, seldom questioning the prosecution's evidence. On Friday, howeve,r the went over to the offensive.

One of them, Mr. Per Hagelien, opened the summary for the defence by claiming that Mr. Reksten was being made a scapegoat for the economic troubles which hit Norwegian shipping and the Aker shipbuilding group some years ago.

He denied the prosecution's claim that Mr. Reksten was the real owner of two foreign-based companies—Cornwall and Intercontinental — which had chartered his ships and made large profits from the charters. The arguments put forward had simply demonstrated the prosecution's "complete ignorance of shipping and finance," he said.

Polish power cuts worsen

BY CHRISTOPHER BOBINSKI IN WARSAW

POLAND'S ELECTRIC power supply situation which last month cost the Energy Minister and all his deputies their jobs has taken a serious turn for the worse, according to newly published figures.

In the first eight months of this year, only 70 days were free of power cuts, which hit industrial and domestic consumers.

Some 38 per cent of the country's 25,000 MW generating capacity is not functioning because of refits, breakdowns, fuel shortages and low quality fuel supplies.

The power supply deficit this month is running at 2,000 MW, one and a half times the deficit in September last year.

Only 55 per cent of this year's planned new production capacity of 1,640 MW had been completed by the end of August, and it is already clear that the shortfall for this year will be at least 200 MW.

Greece defends ships deal

BY OUR ATHENS CORRESPONDENT

THE GREEK Government has rejected U.S. concern about the agreement between Neorion shipyards and the Soviet Sudoimport concern to repair Russian merchant and auxiliary naval ships in Greece.

Under the agreement, Soviet merchant ships and unarmed naval supply vessels will be repaired at Neorion shipyards at the Aegean island of Syros.

An official Government announcement yesterday said the commotion created around the subject was "unjustified and inadmissible." It said the contract, signed on September 6 after four months of negotiations, was of a commercial and economic and not of a political nature.

The contract was not an inter-state agreement and therefore created no commitments for the Greek Government to grant home-porting facilities to the Soviet fleet.

Colina MacDougall assesses the thaw in Sino-Soviet relations

Change of heart at Moscow talks

AS THE Chinese sit down with their Soviet counterparts this week to discuss how to normalise relations, it will be the first time since Mao and Khruschev fell out in 1960 that the two nations have made a public and positive effort to reduce the tension between them.

Low-key talks on river navigation, trade, and since 1969 on border problems, have continued intermittently with varying degrees of success, but until now there has been little real willingness, particularly on the Chinese side, to try to improve Government-to-Government relations.

For the first time, Peking looks to be seriously interested. It initiated the talks last April, and waived its previous condition for negotiations: that Soviet troops should withdraw behind the border. It conceded that this round of discussions should take place in Moscow, since the on-off border negotiations are conducted in Peking.

Neither side has found an excuse to postpone or cancel the meeting in the various bouts of name-calling since the spring. Even a border incident in mid-July, in which a Chinese official was killed, had no effect.

It is not of course expected that the meetings will wipe out the hard words and bitter resentments of the past 20 years, or Chinese grievances at what they see as the Russian exploitation of the past 150 years.

Nor will it diminish Soviet alarm at the way China has grown from an Asian satellite, albeit a large one, into a rival Communist power with massive if slow-growing economic and military potential.

Both sides, but particularly the Chinese, would benefit from some slackening of tension along the border especially, as the Russians fully realise, Peking now has to keep its southern defences against Vietnam in a state of alert. While the present talks are to be conducted separately from the border negotiations (though the Soviet team is led by the same negotiator) by warming the climate generally they could lead to more fruitful discussions.

The Hong Kong left-wing magazine Cheng Ming, widely believed to publicise the views of China's chief policy-makers, Vice-Premier Deng Xiaoping, argued in its May issue that China's modernisation needed a thaw in Sino-Soviet relations and could even draw on Soviet experience in economic development.

Now that the heat has gone out of the ideological and personal issues (Cheng Ming confirmed that the dispute between the Communist parties was over), the practical arguments for improved relations are getting a better hearing in Peking.

The Russians and the Chinese are conscious too that like the U.S. with its so-called "China card," they can each influence their own and one another's relations with Washington by the amount they defrost their bilateral relationship. While China is not yet in the superpower league, its size and geographical position, together with its increasing emergence on the world political scene, mean that the dialogue between the U.S. and Russia is becoming a three-cornered affair. When two of the three draw together, it causes anxiety symptons in the third.

It would be quite wrong to say that the U.S. opening to China was designed to make the Russians more accommodating — in fact, under the Carter Administration "even-handedness" has become a much-discussed article of faith —but China's approach to the NATO camp and its hitherto unremitting criticism of Moscow has in recent years allowed Western strategists to breath more easily than the Soviet military build-up would otherwise have permitted.

Conversely, the sight of the Soviets parleying amicably with the Chinese could benefit Moscow and Peking in their relations with the U.S., smoothing what may well be a rough passage through Congress of the recently agreed Salt II Treaty with Moscow and the signed, but not yet ratified trade pact and accompanying "most favoured nation" concession with Peking.

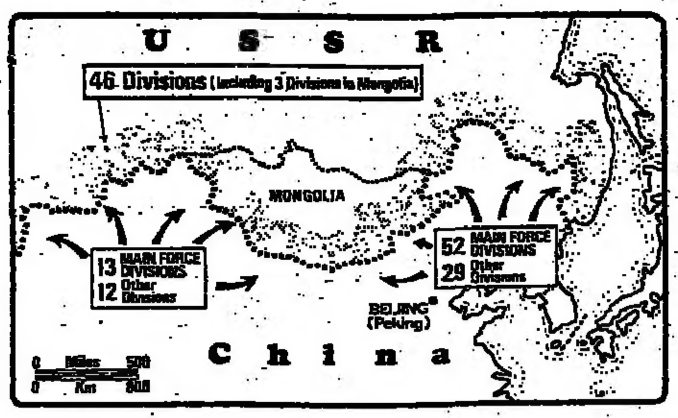
The fly in this ointment is the question of Vietnam and Kampuchea. The rapprochement between Hanoi and Moscow, since the U.S. withdrew in 1975, last winter's Vietnamese invasion of Kampuchea, Chinese support for the Pol Pot regime both in and out of power, the Chinese invasion of Vietnam last February and Soviet military aid for Hanoi add up to a tangle in which Peking and Moscow are deeply committed to opposite sides.

Underlying recent events is the traditional distrust between Chinese and Vietnamese and China's fear of rivalry from Hanoi on what it considers its home ground (south-east Asia).

While the Chinese may have no more fondness for the Pol Pot regime than anyone else, it is at present the only credible alternative to the Vietnamese installed Heng Samrin government in Pnom Penh. As the dry season in south-east Asia approaches and another session of the Sino-Vietnamese border talks ends without progress, the Chinese are already reported to be moving troops to the frontier.

Behind-the-scenes negotiations on some kind of compromise leadership with the former Prince Sihanouk at its head have so far not produced results.

Well aware of these intricacies, Pravda warned the Chinese last July that they should not use the talks as a means of putting pressure on Hanoi. Though in fact these particular discussions were not expected to touch on anything but bilaterial matters, the Russians have proposed the discussion of "hegemony."



The Chinese normally use the term for the spread of Soviet influence, but here it may relate also to Chinese pressure in south-east Asia.

The leader of the Chinese delegation Mr. Wang Youping, Vice-Foreign Minister, is well qualified to discuss bilaterial relations in this context since he is a former ambassador to Hanoi and Pnomh Penh, as well as to Moscow.

The items of the agenda so far revealed are economic and cultural relations ("cultural" probably includes, as it has done in agreements with the West, scientific and technical training), but these could be of considerable importance to the Chinese.

With trade at over $500m, the Soviet Union was Peking's fifth largest trading partner last year, well ahead of China's much publicised West European partners except West Germany.

While the question of south-east Asia might deflect the meeting on to barren ground, there are good arguments for improving the bilateral climate.

Clearly the old 1950s relationship will never be resumed, and the Chinese remain deeply suspicious of Moscow, but they do not necessarily believe all their own tales about the Soviet ogre.

In recent years, when policy required, the Chinese have chosen some unlikely bedfellows. No one should be surprised if the current meeting attains its limited objectives.

Syrian MiGs shot down

By David Lennon in Jerusalem

ISRAELI aircraft shot down four Syrian MIG-21 fighters over Beirut yesterday, according to an army spokesman in Tel Aviv.

It was the second aerial clash between Israel and Syria over Lebanon in three months. In the earlier incident, Israel claimed to have shot down five Syrian aircraft.

It is not immediately clear what caused yesterday's dogfight. The Israeli army spokesman said Israel's aircraft, including F15s, were on patrol over Lebanon seeking out Palestinian bases. He said they sustained no losses in the fighting.

There have been complaints in the U.S. Congress about Israel's use of U.S.-built aircraft and other military equipment in the fighting in Lebanon. Israel has insisted that its actions in Lebanon are aimed against Palestinian forces and are designed to pre-empt attacks on Israel.

Until three months ago the Israeli and Syrian airforces had been careful to avoid any direct contact during their patrols over Lebanon. It is not clear why this situation has changed.

Our foreign staff adds: The dogfight is the direct result of Israeli air raids on Palestinian positions in southern Lebanon. As these have come closer to Syrian military positions in Lebanon, President Hafez Assad of Syria has felt obliged to challenge them. In any challenge to Israeli aircraft the Syrian airforce is likely to come off worse, as was shown yesterday and in the previous encounter. This raises the question of why Mr. Assad should have risked a clash.

One answer may be that whatever its outcome, a clash draws attention to the Israeli bombing of Lebanon and shows Israel in an aggressive stance. A surge of anti-Israeli feeling in Syria may be of benefit at a time when Mr. Assad's regime is under serious domestic pressure.

L. Daniel reports from Tel Aviv: A regular passenger liner service between Israel and Egypt is to start on December 14.

Vietnamese on attack in Kampuchea

BANGKOK — Vietnamese-led forces in Kampuchea have launched a new offensive against troops loyal to the deposed Kampuchean leader, Pol Pot, observers in Bangkok said last night.

They reported that the offensive began about five days ago in areas north and north-east of the capital, Phnom Penh, and consisted primarily of large sweeps which so far had met only light resistance. Four divisions are thought to be taking part.

The observers said some of the military action appeared to be moving west in the general direction of the Thai-Kampuchean border. The attacks could not yet be described as a major offensive, although that has been widely predicted by the ousted regime's radio station and by Thai officials.

Reuter

Staff strike at Iran state oil concern

By Andrew Whitley

THE CRISIS within the Iranian oil industry deepened yesterday when staff at the Tehran headquarters of The National Iranian Oil Company went on strike in support of Mr. Hassan Nazih, their chairman.

Mr. Nazih, a nationalist politician and leading lawyer, is under strong pressure from members of the ruling clergy to resign. Ayatollah Khomeini's son-in-law, Hojatulislam Eshraqi, told the state radio yesterday that the oil chief did not have the confidence of Iran's leader.

Mr. Nazih said that the strike had not affected production so far. He had appealed to the oilfield workers not to go on strike and up to now the request had been observed.

The struggle for control at the top of the state oil company must have already paralysed most of its normal commercial activities, and could jeopardise the start of the next round of negotiations for medium-term contracts with foreign oil companies, due to start within the next few weeks.

Th oil chief is boycotting his office while the dispute with the clergy rages, saying he will not go back under the present circumstances. The situation is "disgusting and embarrassing," he said.

Setback for Gulf-EEC dialogue

By Our Foreign Staff

MOVES TO convene a meeting between the Arab oil producers of the Gulf and the nine EEC states received a setback at the weekend with the failure of the Arab states to agree on a framework for the dialogue.

The Oil Ministers of Saudi Arabia, Kuwait, Iraq, Bahrain, Qatar, Oman and the United Arab Emirates announced after a meeting in Taif, Saudi Arabia, that they would hold another meeting at an unspecified time.

The meeting between the Arab Gulf states and the EEC was expected to take place in November or December. It was intended to cover energy, broader economic issues and the question of ecovomic co-operation between the EEC and the Gulf states.

The EEC countries want to be assured of steady oil supplies while the Arab countries want closer ties with the EEC as a counter-weight to the U.S. whose policies are increasingly distrusted in the Arab world.

The Arab states want discussion of energy and economic co-operation with the EEC to be conditional on the EEC's political support for the Arabs. Though the EEC is coming closer to a recognition of the Palestine Liberation Organisation it wants the talks to be confined to economic matters.

Exiled Bokassa sentenced to death in his absence

BANGUI — The deposed Emperor Bokassa was condemned to death by Central Africa's new rulers yesterday as he flew from France to exile in the Ivory Coast.

Bangui was reported to be the scene of wild celebrations as the death sentence was announced but there was anger that France had let the former Emperor slip through its fingers and take up the Ivory Coast's offer of refuge.

President David Dacko, aged 49, who ended the emperor's 14-year rule in a French-backed coup last week, announced the verdict against his predecessor. He said he had been found guilty of rape, theft and looting.

The ousted ruler arrived in the Ivory Coast capital Abidjan yesterday after spending two days at a French military airfield while France searched for someone willing to take him in.

Reuter.

David White adds from Paris: Mr. Bokassa had remained on board his Caravelle jet for two days and three nights until Sunday when the authorities allowed him to sleep in a room at the airfield at Eureux, 60 miles from Paris. Success in persuading the Ivory Coast to take the former Emperor came after President Dacko, had belatedly issued a request for his extradition.

The French role in the Bangui takeover and the dispatch of French troops within minutes of the coup has been condemned by the Soviet Union and by the French Communist Party. The recently-installed transitional Government in Chad has also protested because part of the French force was sent from bases in that country.

● Francisco Macias Nguema, the overthrown dictator of Equetorial Guinea, went on trial for his life yesterday on charges of genocide and treason. A communique from the supreme military council in the capital, Malabo, said the charges would include mass killings and flagrant violations of human rights.

In Kampala, the Ugandan state prosecutor withdrew four of six theft charges against Bob Astles, British-born aide to the former President, Idi Amin. The hearing resumes today.

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AMERICAN NEWS

Congress search for Panama pact

BY DAVID BUCHAN IN WASHINGTON

NEGOTIATORS FROM the Senate and House of Representatives met yesterday to try to strike one last compromise to pass legislation implementing the Panama Canal treaty, before the phased transfer of the canal from the U.S. to Panama is due to begin on October 1.

Conservatives in the House, unreconciled to the notion of sole control of the canal by Panama by the year 2,000, defeated legislation that had already been agreed in conference with the Senate last Friday.

The implementing legislation is to set up and fund a joint U.S.-Panamanian Commission to run the waterway until the end of the century. Despite the House defeat of the legislation, deeply embarrassing to the Administration and underscoring Mr. Carter's weakness on Capitol Hill, the Panama Government has said that it has every intention of assuming sovereignty over the canal on October 1, as laid down in the treaty.

Part of the problem is that the House had no say on the original treaty it was the Senate which ratified it after much debate last year. Thus, House members have been keen to make their voice heard on the implementing legislation.

Observers yesterday predicted that a new House-Senate conference agreement would be reached in time to be voted on by the full House and Senate this week.

Hugh O'Shaughnessy adds: The Government of President Aristides Royo has several times reiterated that it intends to take control of the canal on October 1, whether or not the U.S. Congress has concluded its deliberations on the enabling legislation linked to the Carter-Torrijos treaty.

Even in the unlikely event that the Royo Government were to go back on these statements, observers believe that nationalist sentiment in Panama has been brought to such a pitch of expectation that it would be very difficult to restrain unofficial groups marching into the Canal Zone and taking the law into their own hands.

The Carter Administration has itself used this argument in its effort to stir the U.S. congress into prompt and effective action to pass the enabling legislation.

Meanwhile, Japanese studies are continuing about the feasibility of a new and wider canal to take ships of up to 300,000 deadweight tons. The scheme, to cost $8.3bn, has been drawn up by the Japanese Penta Ocean Construction Company.

President Royo . . . intends to take control of canal

Brazil may halt cost indexation

By Hugh O'Shaughnessy

THE BRAZILIAN monetary authorities are considering a partial or complete dismantling of the system of price indexation as part of a new effort to control inflation, which this year could reach around 60 per cent.

The indexation, or "monetary correction" as it is known in Brazil, involves the automatic statutory increase in monetary the annual most of living. It sums in line with the rise in embraces a wide range of financial operations, many classes of contractual debt, the capital structure of companies, amounts in savings accounts and, indirectly wage and salary rates.

Though it was widely hailed at home and abroad as an aid to controlling the cost of living when inflation was falling in the early 1970s, it is now seen as a source of inflationary pressure

The authorities are under no illusion however about the difficulty of revoking indexation, particularly where it touches incomes policies. Hitherto wages have been adjusted automatically upwards every year

The formula has come under increasing attack from trade unionists who allege that it prevents workers benefiting adequately from productivity increases.

Last month the Government of Gen. Joao Figueiredo announced that wage increases would be paid every six months instead of annually. This was seen as an implicit admission of the justice of some union demands and as a gesture of goodwill towards them.

One senior executive of the Banco do Brasil commented: "We have to do something about a system under which a borrower borrows $100, pays $40 during the year and is left at the end of the year owing $120."

New inquiry into Alaska pipeline

BY VICTOR MACKIE IN OTTAWA

MR. JOHN FRASER, the Canadian Environment Minister, yesterday called for further environmental studies on the Alaskan natural gas pipeline, one of the largest construction undertakings in Canadian history.

A Government environmental assessment panel said that an initial study by the Foothills Pipe Lines company and two months of public hearings had been "incomplete in several important areas." The panel has asked Foothills Pipe Lines to prepare a more complete study, and for new public hearings.

Approving the requests, Mr. Fraser said: "Foothills did not supply sufficient environmental data to allow the panel to examine the environmentally preferable routing, or to review measures aimed at reducing harmful effects on the environment."

The first environmental study and hearings in the Yukon had not adequately investigated the effects of frost and thaw heavings on the Yukon portions of the pipeline, the panel said.

Mr. George Lipett, a Foothills official, said that environmental protection is necessary, but ecological concern often goes too far. Extremists insisting on zero environmenttal impact could completely stifle development, he said at the International Conference on Human Environment in Northern Regions, held at Edmonton last week.

"If a balance between industrial development and environmental protection is to be reached . . . governments will have to learn to distinguish between legtimate concerns for natural systems and politically motinvated posturing," he said.

Foothills is responsible for the Canadian portion of the 491-mile Alaska pipeline, which is planned to pass through the Yukon, British Columbia, Alberta, and Saskatchewan to the northern United States.

Quebec vote next year

BY ROBERT GIBBENS IN MONTREAL

MR. RENE LEVESQUE, the Quebec Premier, said yesterday that the referendum on sovereignty association with the rest of Canada will be held around the end of May or early June next year. Political observers took Mr. Levesque's statement as a sign that he will not call a snap election between now and the referendum.

Over the weekend the Government was charged with indecision and poor economic planning by Mr. Rodrigue Tremblay, the Industry Minister, when Mr. Levesque dismissed him from his post. Mr. Tremblay is succeeded at industry by Mr. Yves Duhaime, who was formerly Tourism Minister.

Banks refuse Jamaica loan aid

BY CANUTE JAMES IN KINGSTON

THE Jamaican Government has failed in a bid to renegotiate foreign debts totalling $450m with a consortium of U.S. banks. The Government has also failed to obtain a standby loan of $200m to assist the hard-pressed economy.

Mr. Eric Bell, the Finance Minister, has indicated that the situation could have serious consequences for the economy. The banks were unwilling to assist Jamaica because the economy was not showing any signs of growth, he said.

The island's gross domestic product (GDP) has declined every year since 1974 when it fell by 0.7 per cent. Last year the decline was 1.7 per cent and economists here do not expect any growth in the current year.

The economy is in need of whatever financial assistance it can get, particularly to ease a chronic shortage of foreign exchange. The central bank has reported that at the end of May (the latest figures available) the island's foreign reserves show a deficit of $280m.

Government officials said the banks approached by the Jamaican Government were Royal Bank of Canada, Bank of Nova Scotia, Canadian Imperial Bank of Commerce, First National of Chicago, Chase Manhattan and First National of New York.

The Government was able to report some success, however, in obtaining from the export-import bank an arrangement for 180-day credit to assist local exporters. This is expected to ease the economy's cash flow problems by about $100m.

Left and Right clash in U.S. debate on law reform

Blowing cobwebs off the statute book

BY NANCY DUNNE IN WASHINGTON

FOR MORE than a decade Congress has been wrestling with the questions of whether, and if so how, to reform the vast, antiquated collection of about 3,000 statutes which comprises U.S. Federal Criminal Law. Reform legislation is in Congress, and chances for its passage by 1980 appear favourable.

The need for revision would appear obvious. Age-old laws, such as the one making it a crime to detain a government carrier pigeon, remain on the books. More serious crimes are scattered repetitively throughout the present code and include: 80 separate offences for theft, 70 for counterfeiting and forgery, and almost 80 different culpability terms describing the states of mind of offenders which range from "wantonly and lasciviously" to "maliciously" and "corruptly."

Punishment for those convicted of Federal offences is, experts agree, in drastic need of reform. After South Africa and the Soviet Union, the United States imprisons more of its lawbreakers than any country in the world.

With the percentage of those ex-convicts returning to crime after prison ranging from a third to two-thirds, it has become obvious to all that the most commonly used method of punishment here is ineffective as anything but a temporary deterrent.

The U.S. uses a system of sentencing widely acknowledged to be arbitrary and disparate. A study by the Bureau of Prisons found bank robbers with similar age, education, marital status and employment histories sentenced to jail for terms ranging from 5.5 to 18 years.

Federal bank robberies in New York carry an average prison sentence of seven years; in South Carolina, the average is 18 years.

The drive for reform has reached a peak when Congress is fairly ideologically balanced, although the country is on a Rightward drift. As is usual when the economy is slipping, the crime statistics are edging up and inflation-squeezed, crime-weary Americans are leaning towards the "lock 'em up and throw away the key" school.

In Michigan recently, voters overwhelmingly approved a provision ending "time off for good behaviour," which means longer prison sentences. Capital punishment, for a time ruled unconstitutional, has now been reinstated in 38 states.

The last effort at comprehensive revision was in 1828, and it failed. After that, Congress just passed new additions to the law as the need seemed to arise. Traditionally, each state has responsibility for most criminal justice within its borders, and the Federal Government takes jurisdiction in such cases when the states cannot (in the case of interstate or international crime) or fail to act (in civil rights violations, for example).

Federal Law is generally assumed to be a model for state law, although on reform Federal law is lagging behind 35 states which have already reformed their own code.

Chief Justice Burger (above left) and Attorney General Civiletti

Crime wave

President Lyndon Johnson, caught in a crime wave in 1966, established the National Commission on Reform of Federal Criminal Laws, which produced a report five years later recommending code revision. By the time of the Nixon Administration, hard-liners sent to Congress legislation which brought outcries from liberals for its restraints on freedom on the Press, speech, assembly, and privacy. "Senate Bill 1," as it was called, never emerged from committee.

Code reforms now in the hands of Senator Edward Kennedy's Judiciary Committee and a House sub-committee, chaired by Republican Mr. Robert F. Drinan, a Massachusetts liberal. Calling the current criminal laws "a disgrace," Senator Kennedy has joined forces with committee conservatives, has dropped most of the controversial features of Senate Bill 1 and has added a novel and elaborate sentencing procedure.

His legislation still retains portions offensive to civil libertarians, many of whom suggest that the Bill will be used by the Senator to attract conservative support should he stand for President. It expands Federal jurisdiction at a time when liberals, fearing conservative rulings by the Chief Justice Warren Burger's Supreme Court, have been preferring to seek rulings in state courts. It would establish a commission to set uniform sentencing guidelines, which opponents fear would give greater power to prosecutors during the plea bargaining process. Defendants agree to plead guilty to lesser charges in return for a lower sentence, thus saving court time.

The Bill virtually abolishes parole, acknowledged to be a flawed and unfair system of early release, but opponents say its termination will mean that more law-breakers will be crammed for longer periods into the nation's already over-crowded prisons.

The bait for conservative support of the legislation — provisions limiting civil protests, the strengthening of FBI power, defining obscenity and allowing into court "confessions" obtained under duress — has convinced many liberals that no legislation would be preferable to the proposed revision.

For the time they are supporting Mr. Drinan's more liberal version of the code, but they recognise it will be open to amendments when it reaches the more conservative full Judiciary Committee and the floor of the House.

Publicly, they push the "piecemeal" approach of reforming part of the code each Congressional session, and say they object to "horse trading" in matters so far-reaching and basic to American justice.

Federal code

But the Administration and the Congressional leadership is set on action by 1980. "If we do not succeed in achieving a new Federal Code in this effort," Mr. Benjamin Civiletti, the Attorney-General, told the Kennedy Committee, "I am concerned that disappointment may turn to cynicism about the unwieldiness of the legislative process and its capacity to accomplish major reform . . . such a coalition of interests in widespread reform may not return soon."

There is good reason for doubt that the moment for reform can be sustained over the several years needed for the Senator Kennedy could come unstuck at any time.

What Congress has is an enormous, imperfect piece of legislation which will radically alter the U.S. system of justice.

Whether it is enough of an improvement on the current hotch-potch of laws to overcome its liabilities must stiill be decided in Congress.

WORLD TRADE NEWS

HK shows first trade surplus in two years

By Philip Bowring in Hong Kong

Hong Kong has recorded its first monthly visible trade surplus for two years, with exports at HK$7.5bn (£693m) exceeding imports by HK$215m in August. Though this surplus makes only a small dent in the massive HK$6.4bn deficit piled up in the first seven months of the year it supports the belief that trends were leading towards stability in the economy and a strengthening of the weak Hong Kong dollar. Exports have now grown faster than imports for four successive months.

Exports for the month rose by 12 per cent compared with the proceding month, re-exports were up by 6 per cent while imports actually fell by 2 per cent. It was not clear whether the import fall was due to a cooling of over-heated domestic demand or reduced raw and intermediate goods imports due to weakening export market prospects. So far this year exports have risen 41 per cent and imports 38 per cent.

Soviet trade with the West shows sharp increase

BY DAVID SATTER IN MOSCOW

THE SOVIET Union's trade with the West increased sharply during the first six months of 1979 buoyed by a rise in the value of Soviet exports which apparently resulted from the new higher prices for Soviet oil.

Figures published in the newspaper Ekonomicheskaya Gazeta show that Soviet trade turnover with the West increased 13 per cent to Roubles 11.1bn (£7.54bn) in the first half of 1979 from Roubles 9.8bn (£6.67bn) in the first half of last year.

The expansion in trade was particularly notable in the light of Soviet attempts to hold down hard currency purchases and channel as much of their manufactured goods business as possible through Comecon.

The increase in overall trade with the West was undoubtedly made easier by a 19 per cent rise in the value of Soviet exports to the West. Soviet exports totalled Roubles 4.7bn in the first half of 1979 compared to only Roubles 3.9bn in the first half of 1978.

Ekonomicheskaya Gazeta gave no product breakdown for the export totals but oil and gas account for nearly half of the Soviet Union's hard currency earnings and the Soviet Union charges its Western partners the world market price for oil which has gone up substantially.

Soviet purchases of Western products, meanwhile, also increased to a value of Roubles 6.4bn, a 9.4 per cent increase over the value of Soviet imports in the first half of 1978 which stood at Roubles 5.9bn.

The traditional Soviet deficit in trade with the West was narrowed to roubles 1.7bn in the first half of this year compared with a deficit of roubles 2.0bn in the first half of 1978.

The pattern of recent years has been for purchases to be concentrated in the first six months of the year with only relatively small increases in the Soviet deficit over the latter six months. The Soviet figures may not conform to this pattern this year, however, because the Soviets are reported to be making major grain purchases later in 1979 than they did last year.

● **Barclays Tozer has signed a five-year agreement with the State Committee of the USSR for science and technology, for the development of scientific and technical co-operation between British and Soviet industrial organisations.**

Sir Campbell Adamson, chairman of Barclays Tozer, a Barclay's Bank subsidiary, said: the agreement was "a framework for broadly-based and long-term co-operation with Soviet industry and thus increased trade between the two countries."

Orders placed by the Soviet authorities with the company's client manufacturers now exceed £1.5m in value.

UK sales to W. Germany surge

BY GUY HAWTIN IN FRANKFURT

BRITAIN'S trade with West Germany is again showing extraordinarily rapid growth after a comparatively slow start to the year. Imports from Britain during the first seven months of the year grew at double the rate of the Federal Republic's average increase in imports.

However, much of the expansion is accounted for by greatly increased German purchases of British North Sea oil. When Britain's export returns are purged of oil sales, the expansion rates of British imports to the Federal Republic lie well below the increase in West German exports to the UK.

In July the UK share of the West German crude petroleum market reached a new peak, with shipments worth DM 414.5m (£108.5m) accounting for 15.3 per cent of the Federal Republic's total DM 2.7bn oil imports.

For the first seven months of 1979, the UK share of the West German oil market averaged 10.7 per cent, according to official West German figures. Total oil imports during the period amounted to DM 15.27bn of which purchases from Britain accounted for DM 1.64bn.

The oil boosted Britain's total export sales to West Germany during the first seven months by 34.6 per cent compared with the same period of 1978—from DM 6.77bn to DM 9.12bn.

At the same time Britain's share of West Germany's total imports market increased from 4.8 per cent at the end of the first seven months of 1978 to 5.5 per cent. In July alone the market share rose to 6.3 per cent.

When oil sales are discounted for the figures, the growth of British exports to West Germany are less spectacular. Shipments during the first seven months rose 24.1 per cent from DM 6.02bn during the comparable period of 1978 to DM 7.48bn. The share of the West German import market went up from 4.7 per cent to just over 5 per cent during the same period.

Honda to pull out of venture in S. Korea

***HONDA MOTORS,* Japan's top motor-cycle producer, will discontinue a joint-venture relationship with Kia Industries, a major South Korean vehicle maker, AP-DJ reports from Tokyo.**

Honda says, however, that it will continue providing technical assistance to Kia Industries, South Korea's largest two-wheeled vehicle maker.

Honda established Kia Motorcycle as its first joint company in South Korea with capital participation of 49 per cent in 1975, to assemble 10,000 motor-cycles every year, and current production capacity now is 120,000 a year. Honda described the Korean company as being self-reliant, and said the dissolution will not affect the South Korean company's production capability.

Meanwhile the South Korean Commerce and Industry Ministry has denied published reports in South Korea and in Japan that it has decided to ban imports of Japanese machinery to help reduce its large trade deficit with Japan. Ministry officials said that the reports were unfounded and that no such move was even under study.

The officials said, however, that as previously announced, it was Government policy to encourage businesses to switch to the U.S. and West European countries for imports of machinery and other products to reduce South Korean reliance on Japanese supplies.

Korea suffered a trade deficit of $3.3bn with Japan last year when imports of Japanese machinery amounted to $3.1bn, about 53 per cent of total South Korean imports from Japan in the year.

S. African steel for Far East

BY BERNARD SIMON IN JOHANNESBURG

IN AN EFFORT to rationalise and increase South Africa's exports of steel to the Far East, Iscor, the State-owned steel producer, and Leo Raphaely and Sons, the country's largest commodity trading house, are establishing a joint marketing company for the area.

The new company will be called Iscor Far East, and its formation follows the opening by Raphaely's of new offices in Taiwan and South Korea.

At present, Far East markets such as Taiwan, Singapore, Thailand and the Philippines account for 5-6 per cent of Iscor's total foreign sales, but South African steelmakers are known to have adopted an increasingly aggressive marketing policy in the region over the past year or so.

Iscor's total steel exports in the year to June amounted to about 1.7m tons, a small increase on the 1.6m tons sold abroad in the previous 12 months. Exports account for 36 per cent of the company's output.

Iscor suffered a major setback with the loss of the Iranian market, and has attempted to divert these exports to some of the other 50 countries in which it is active. The company is believed to be planning a major sales drive in South America.

South Africa's second largest steel producer, Highveld Steel, reported last week that its exports of semis, section and plate had reached record levels in the past year. Foreign sales represented 43 per cent of production, which reached about 750,000 tons. According to Highveld's chairman, Mr. Graham Boustred, export profit margins showed "a marked improvement" over the previous year.

Meanwhile, South African Railways is examining the feasibility of establishing a large steel export terminal at the new harbour at Richards Bay.

KLM finalises Nigerian deal

By Mark Webster in Lagos

ROYAL DUTCH Airlines KLM is expected to sign a contract for the management of Nigerian Airways today.

The contract has been held up since June while the details were hammered out. Airline officials said the main sticking point had been the amount of money to be paid to KLM for their services. However, when the Nigerian Government first announced the contract there was considerable opposition within the country to the idea of expatriate management taking over the responsibility for the airways.

The contract is expected to run for two years and should involve around 20 expatriates in senior management positions as well as periodic visits from other experts. The management team will take over both domestic and international flights which have come in for considerable criticism for repeated disruptions in services questioning the ability of the existing management.

Officials said KLM won the contract largely because of its existing close relations with Nigeria Airways. KLM has a service contract for Nigeria Airways' fleet of DC10s and also trains a number of Nigerian pilots in Holland.

UK-Mexico fairs link

A new trade link with Latin America has been established with the announcement of a joint venture agreement between Femac, the Mexican national trade fair organisation, and Fairs and Exhibitions of London, the international trade fairs and exhibition organisation. Together they are to mount a series of industry-orientated international exhibitions at the sports palace in Mexico City.

● NEWS ANALYSIS — EEC CHEMICAL INDUSTRY

Threat from U.S. products

BY SUE CAMERON, CHEMICALS CORRESPONDENT

EARLY NEXT month officials from the European Commission are going on a fact-finding tour of the U.S. to investigate the American chemical industry's costs.

The threat of cheap U.S. chemical exports flowing across the Atlantic is causing growing concern among European producers and it is being argued that American companies have an unfair advantage because of their comparatively cheap Government-controlled oil and gas costs. It is these fears and suspicions that have triggered the Commission's visit to the U.S.

Last week Mr. Len Burchell, managing director of BP chemicals, stated that Western Europe's petrochemical industry was "scared to death" of its profits being hit by cheap American imports. He claimed that U.S. producers were able to export chemical products cheaply to Europe because they paid less for their raw materials.

He said European companies relied heavily on oil-based naphtha to make ethylene—a building block of the petrochemical industry used in the manufacture of a wide range of *materials, including plastics.* But U.S. producers made between 70 per cent and 80 per cent of their ethylene from ethane gas.

This was cheaper than using naphtha for two reasons: the production process itself was less costly and in addition, U.S. oil and gas prices were Government controlled and therefore considerably lower than in Europe.

But Mr. Burchell claimed that civil servants at the European Commission seemed to be "either misunderstanding the position of else trying to avoid the problem altogether. He said textile producers had had already been hit by cheap U.S. imports resulting from lower American feedstock prices—yet the Commission had not been sympathetic.

It had told European textile companies that before any action could be taken against the U.S., they would have to distinguish between America's "natural" advantage in using gas rather than naphtha as a feedstock and the "artificial one" of having controlled oil and gas prices.

Mr. Burchell said he was afraid the Commission would say much the same thing to petrochemical producers. He added that it was "virtually impossible" to distinguish between America's natural and artificial advantages in the matter of feedstock and to say how much weight should be given to each.

But U.S. chemical producers may well attempt to isolate the cost advantages they derive purely from controlled oil and gas prices—even if the exercise is not an easy one. And the European Commission is understood to be deeply concerned that it will find itself on unsafe ground if it attacks the U.S. too sharply on the issue.

It is estimated that the cost of making ethylene is around $240 less per tonne in the U.S. than in Europe. American producers are expected to argue that only some 33 per cent of this $240 differential is the direct result of comparatively lower U.S. gas and oil prices.

Ethylene itself is bulky and difficult to ship: an $80 a tonne cost advantage would not be sufficient to enable U.S. producers to transport it to Europe, pay the necessary duties and still make a reasonable profit. They would be far more likely to export some of the downstream products made from ethylene.

Yet when ethylene is turned into, say, polyethylene, the cost advantage derived directly from cheaper oil and gas prices is proportionately halved: and when the polyethylene is turned into polythene bags, the cost advantage is halved again.

It could therefore be argued that American producers are able to export cheaply to Europe because of other, quite different cost benefits—advantages that could in no way be described as artificial or unfair.

One of these advantages is that ethylene production processes which use ethane as a raw material are less costly than those which use naphtha—quite regardless of any cost differential between gas and oil-based feedstocks. Another is that the U.S. domestic chemical market is probably the biggest in the world and this enables American producers to take advantage of economies of scale.

American chemical companies also have comparatively lower fuel costs which are not solely attributable to controlled oil and gas prices. They are able to use cheap coal—nearly all U.S. coal mining is opencast — to power their plants.

Another factor favouring U.S. producers is that labour costs are lower than they are on average in EEC countries. This is not a significant advantage when it comes to producing basic petrochemicals like ethylene because that end of the industry is not labour intensive. But it becomes more important further downstream, with, for example, the manufacture of plastic goods.

These are some of the arguments that could thwart the European Commission if it tries to take too strong a line over the threat from cheap U.S. chemical exports. The Commission itself is also said to be well aware that the issue of cheaper U.S. oil and gas prices can be a two-edged weapon. During the recent General Agreement on Tarriffs and Trade (GATT) talks, the Commission used the lower U.S. oil and gas prices as a reason for resisting American demands that all internal national subsidies to industry should be banned.

The European chemical industry is thefore unlikely to receive strong support from the Commission if it demands a broadside attack on U.S. producers. It might achieve more, all round, by taking a softer approach.

One of the advantages of a less aggressive attitude is that it could reach some kind of accommodation with U.S. producers on pricing which is the European industry's main concern rather than the volume of U.S. exports as such.

Garwaro Nylons of India has asked the Government to cut import duties on caprolactam and DMT (diamethyl terephthalate) in view of the growing raw materials costs following the rise in the price of crude oil, which has hit the man-made fibre industry, K. K. Sharma writes from New Delhi. Unless the duties were lowered, prices of fibres and yarns would have to be raised, the company stated.

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هكذا من الأصل

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8. How much money do you owe?
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(Alpha Micro has helped one retail giant put a stop to several hundred thousand pounds worth of pilferage).

It constructs comparative budgets allowing for fluctuations from various causes and shows their effects overall.

Alpha Micro reduces the amount of paperwork that bogs you down, allowing you more time to plan future business strategies, identify market trends, keep watch over the competition.

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Armed with this information, your sales force knows exactly where to strike.

By pressing a button, complex sales analyses and sales activity appear before your eyes.

Alpha Micro eliminates the common gap between sales and production. And the friction caused by it.

You know instantly if there's a run on one line or if demand has run out on another.

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Alpha Micro helps you expand your business, spots areas of inefficiency, pinpoints your most profitable items, keeps a tighter check on stock, prevents your accounts department from growing faster than your sales force, gets money in on time, keeps private information secret by coding, makes your every business move more positive.

In addition, Alpha Micro has the all important word processing function to help with quotations, sales letters and more.

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16. Serviced by manufacturer-trained engineers.
17. 24-hour up and running capability.
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19. User's advice service.
20. Unequalled performance to cost ratio.

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THE ALPHA MICRO COMPUTER

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UK NEWS

Brokers attack car perks curb

By Kenneth Gooding, Motor Industry Correspondent

THERE WOULD be an additional tax burden of £350m on the relatively narrow section of the UK population with company cars if the Government implemented its proposals to clamp down on perks in the next Budget, according to stockbrokers Simon and Coates.

"This may not be politically acceptable," said analyst Mr. Michael Whiteaker.

Among other effects if the Government quickly pressed ahead with its existing proposals:

- New car sales in the UK could drop by about 10 per cent.
- Imports would be "significantly accelerated" with serious implications for component manufacturers and employment and output in the UK car assembly industry.
- The new car market could become more voltaile as there would be fewer corporate buyers.

But given the seriousness of the potential effects, Mr. Whittaker said: "It seems likely that the proposals may be watered down. In which case the impact on car sales and ownership will be only marginal and in theory may even, in certain circumstances, actually have a positive effect on new car sales."

Revenue denial is challenged

BY DAVID FREUD

A FORMER tax inspector claimed yesterday that all Inland Revenue inspectors used comparisons of gross profit margins issued by head office in the controversial "new approach" to investigating small businesses. This has been consistently denied by the Revenue over the past 18 months.

The claim was made in an Institute of Chartered Accountants digest by Mr. Michael Reader, who left the Revenue a year ago and now works for a firm of accountants in Huddersfield. He said the Revenue issued extensive guidance notes to its inspectors indicating the minimum gross margins that could be expected for each trade, particularly the cash trades.

The Revenue has in the past denied that it has a list of average margins and yesterday a spokesman depeated the denial. He said: "All we do is give guidance on standard retail mark-ups, and tell inspectors to apply these in the light of their knowledge of the particular business concerned."

Mr. Reader's claim is likely to re-open a row that blew up last year when the National Federation of Self-Employed claimed that inspectors would pick out traders for intensive investigation purely because their profits were out of line with normal levels.

It was criticising the "new approach" to investigations of small businesses, by which the Revenue for the last two years has looked critically at 3 per cent of total returns on a non-random basis.

Yesterday the federation said. "This report vindicates what we have been saying for the last 18 months. It highlights the fact that a small profit can lead to investigation. The Revenue officers do not seem to realise that there are many poor self-employed traders."

The digest, called Inland Revenue Accounts Investigations, deals with the whole process of the new-style inquiries. Mr. Reader argues that the Revenue should publish its internal standards on anticipated gross margins, levels of understatment below which penalties will not be sought and the reasons for abatement of penalties.

Mr. Reader says that the district inspector decides which trades are to receive scrutiny at the beginning of the year and that those showing the worst results will be earmarked for examination.

Among the criteria used in selecting accounts for examination are:

- Low rate of gross profit compared with similar businesses locally;
- Qualified report from accountant;
- Apparently unsecured loans;
- Low or inadequate bond drawings;
- Information showing a pre-existing omission;
- Unsatisfactory history.

Accountants Digest No. 81 "Inland Revenue Accounts Investigations," ...by ...Michael Reader, Publications Department Institute of Chartered Accountants in England and Wales, P.O. Box 433, Chartered Accountants Hall, Moorgate Place, London EC2, £3.00.

Challenge to Granada TV

GRANADA, THE independent television contractors for north-west England, is being challenged for part of its franchise by a new consortium, Lancastria Television.

The group's application to cover Lancashire and parts of south Cumbria would leave Granada to concentrate on Greater Manchester, Merseyside and Cheshire.

Tax data copy plans rejected

By Michael Lafferty

THE LONDON clearing banks have rejected a suggestion that they should provide customers with copies of all interest certificates supplied to the Inland Revenue.

The suggestion came from the Coosultative Committee of Accountancy Bodies, the umbrella organisation which includes the six main accounting bodies in the UK.

The English Institute of Chartered Accountants said that accountans had felt for some time that the banks should always provide customers with copies of any data about their their affairs supplied to outsiders. It was a matter of both privacy and courtesy.

The London banks rejected the proposal for a number of reasons. The most important was that the extra burden involved in sending out 11.9m letters a year to customers could not be justified.

They pointed out that customers could determine the information for themselves from their bank deposit account passbooks. Individual customers requests on the matter would be answered, they said. The matter was in any case complicated by the fact that many accounts were held in the names of individuals other than the true operators thereof.

The accounting bodies do not appear to be fully convinced by the London clearers' response.

Council staffing levels up 1.7%

BY ANDREW TAYLOR

LOCAL authorities increased staffing levels by 1.7 per cent between June, 1978, and June, 1979, in spite of pressure to reduce overmanning in line with Government spending cuts.

The latest quarterly Joint Manpower Watch survey—conducted by the Government and local authority associations—shows that local authorities employed the equivalent of 2.1m full-time workers in June this year.

Mr. Michael Heseltine, Environment Secretary, said last week that, because of the upward drift in manning levels, he would ask all local authorities to publish individual manpower figures each quarter.

The Joint Manpower Watch figures show that combined local authority manning levels—adjusted for seasonal factors—rose by 0.4 per cent in the second quarter of this year.

The figures exclude full-time equivalent of 5,204 employees working on the Government's special temporary employment programme.

During 1977-78, local authority maning levels had remained unchanged following a one per cent fal in 1976-77.

The Govenrment has made it clear that it expects local authorities to look closely at manning levels when they decide how best to cut spending in this and the next financial year.

Some of the largest percentage increases in staffing levels during the past 12 months have occurred in police and fire services. But in the case of police cadets, a 41.8 per cent increase reflects an increase of only 853 cadets.

Within the central departments, housing manning levels increased by 4.5 per cent, equivalent to 2,149 full-time employees; social service manning rose by 2.5 per cent, equivalent to 5,105 full-time employees.

But the number of construction workers employed by local authorities fell by 2,118—a 1.5 per cent decline. The number of traffic wardens also fell—by 293, a 6.1 per cent fall.

Catering chief fined £8,000 for corruption

MR. ROBERT Lichtensteiger the £25,000-a-year managing director of Bateman Catering Organisation, part of the Grand Metropolitan group, was fined £8,000 at the Old Bailey yesterday after admitting two offences of corruption.

Mr. Lichtensteiger, aged 50, of Kew, Surrey, pleaded guilty to authorising two corrupt gifts—£2,500 worth of furniture and £700 for a holiday—in connection with a North Sea oil project in 1974.

Mr. Robert Lewis, 58, of Northallerton, Yorkshire, a former project manager with Turiff Taylor Tarmac Consortium, was fined £5,000 for corruptly accepting the furniture as an inducement or reward to show favour

Mr. Lewis was convicted by a jury last Friday. The same jury cleared Mr. Frank Wells, of Sunbury, Middlesex, a former senior estimator with Turiff, of corruptly accepting £700.

Mr. Stephen Mitchell, prosecuting, had told the court the gifts were made by Bateman after it had successfully tendered for a contract to provide facilities for Turriff's workforce on the Isle of Flotta.

Lord Wigoder, for Mr. Lichtensteiger, said: "The company and the group are extremely anxious to retain his services. They believe this was an isolated error of judgment by someone, under pressure of work, who has taken every possible step to put the matter right since.

Lord Mais tells court of Miller's life-style

LORD MAIS, a former Lord Mayor of London, yesterday told of the life style of the late Sir Eric Miller, the property developer. He was giving evidence for the Crown at the Old Bailey, in the trial of former Detective Chief Superintendent John Groves, aged 46.

Groves, who had worked in Scotland Yard's Criminal Intelligence Unit, denies four charges of corruption involving Miller an danother charge of communicating to Miller secret police files about Mr. Judah Binstock, the financier.

The corruption allegations involved accepting free meals, accommodation and hire cars paid for by Miller's company, Peachey Property Corporation.

Lord Mais, who succeeded Miller as chairman of the company in March, 1977 some months before Miller killed himself, said that in June of that year he was shown some documents. He took these to Superintendent Keith Taylor at the headquarters of the City of London Fraud Squad. He now know those papers had emanated from Scotland Yard.

Lord Mais told Miss Jean Southworth QC counsel for Groves, that he had known Miller reasonably well for only a year. He had received an invitation to Miller's son's barmitzvah in Jerusalem which he attended.

He agreed that by the time he assumed authority in the company there was strong suspicion that Miller, who was knighted in Sir Harold Wilson's resignation honours, had been using Peachey money as his own, and added: "We had information that it was considerable and went over a long period."

Lord Mais said that to the best of his knowledge, he had met Groves only twice, once in the Park West Peachey executive suite, and on the visit to Israel.

Deputy assistant commissioner Ronald Steventon told the court that Groves told him he believed Miller had some business transactions with Binstock and that Binstock owed a substantial sum to Miller's company.

Mr. Stevenson said he told Groves that Miller might be involved in exchange control offences with Binstock and a man called Altman.

Referring to the Israeli invitation, Groves said it did not occur to him this might be considered a gratuity. He told Mr. Steventon that the party included Sir Douglas Bader, Lord Mais, and close business associates of Miller. Binstock and Altman were not there.

Sovereignty of courts vital, says Hailsham

THE WORLD was being ruled increasingly by lawlessness and terrorism, Lord Hailsham, the Lord Chancellor, told the conference of the Commonwealth Magistrates' Association in Oxford yesterday.

He recalled the countless murders in Northern Ireland; the murder in Uganda of a chief justice and an archbishop; and the death penalties handed out in Iran by secret courts, which were all the more intolerable because they were perpetrated in the name of God.

"Those of us who adhere to the traditional principles embodied in Common Law and in Magna Carta do so sometimes at risk to our lives and reputations. Political interference in the administration of justice and encroachment on the functions of the judge, always an abomination, is more and more a fact of the present and must be resisted," he said.

Date set for casino appeal

By James Bartholomew

LADBROKE GROUP'S appeal against the refusal of South Westminster Magistrates to renew four of its London casino licences is to start on November 5.

The rehearsing of the case at Knightsbridge Crown Court is expected to take aboue 10 days.

The appeal will come three-and-a-half months after the South Westminster licensing magistrates decided that two Ladbroke subsidiaries were not "fit and proper persons to be holders of gaming licences."

The magistrates, following the normal practice, did not say why the subsidiaries were unfit and they did not comment on the specific allegations made by the police and Playboy Club of London, who objected to renewal of the licences.

The four licences relate to the Ladbroke Club, the Park Lane Casino Club, the Hertford Club, Hertford Street, and the Hertford Club (to be renamed Ladbroke's Hyde Park Casino), Curzon Street.

Aveling Barford takeover likely soon

BY HAZEL DUFFY, INDUSTRIAL CORRESPONDENT

THE TAKEOVER by Acrow of BL's Aveling Barford construction equipment business at Grantham is expected to be agreed by the two companies within a couple of months.

The Acrow group of engineering companies already has a substantial interest in the construction equipment industry through Coles Cranes and Priestman. It first made known its interest in Aveling Barford just over a month ago, when a joint announcement said that the companies were having discussions.

Aveling Barford at Grantham is the largest of the four companies which make up the Aveling Barford group. BL put the group up for sale earlier this year, hoping initially to sell it as a whole. But this was not possible, so it will either be sold off in parts, or be closed, as is happening with Aveling Marshall.

An agricultural equipment company is understood to be interested in taking on the manufacture of the crawler tractor made by Aveling Marshall after the Gainsborough plant closes on October 31.

The tractor is the only product of its type made in the UK. It enjoys around 45 per cent of the market.

House sale first day nets £1.4m

THE NEW London saleroom season came to life yesterday with Christie's holding its most important house sale for many years at North Mymms Park, near Hatfield, the former home of Major-General Sir George Burns. *On the first day*, the target set for the four-day auction was exceeded.

The contents of North Mymms were mainly collected in the late 19th century by Mr. Walter Hayes Burns, brother-in-law of J. Pierpont Morgan. They are being sold because Sir George has no direct heirs.

The first day brought in

SALEROOM

BY ANTONY THORNCROFT

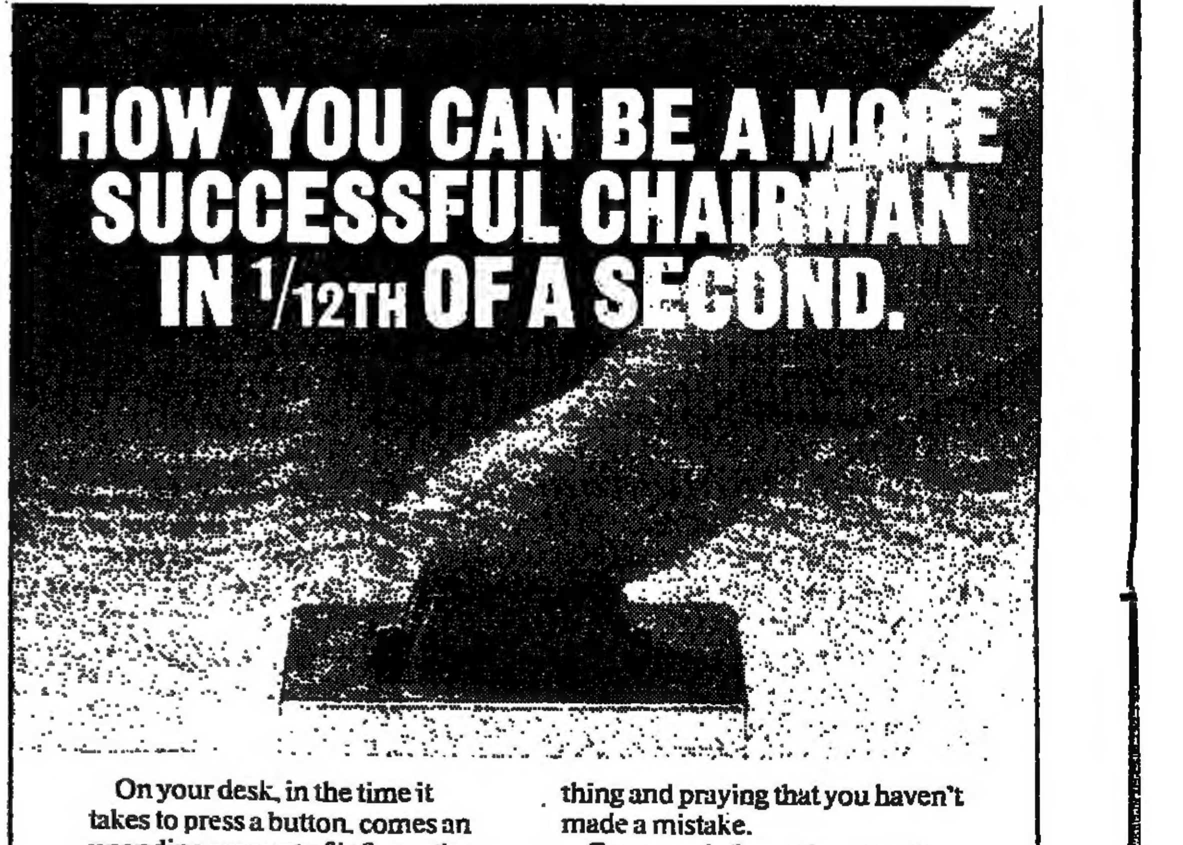
£1,399,315, with everything sold. A particular feature was the sculptures sold in the morning. Agnew is setting up a department specialising in this area, and it paid £150,000 for a white marble bust of Monsignor Antonio Cerri by Algardi, produced probably in the 1630s. It just missed being an auction record for an item of sculpture.

Agnew also paid £45,000 for a bronze portrait bust of a gentleman of the 16th century, of Flemish or Italian origin.

Other high prices were the £42,000 from Peter Zervudachi, the Geneva dealer, for a pair of bronze groups of Mercury and Cupid and Apollo and Cupid by Francois Duquesnoy; £40,000 from S. J. Phillips for a pair of French silver mounted Japanese imari porcelain tureens and stands; and £26,000 for an 18th century Chinese mirror painting.

The other salerooms also had their moments. Phillips secured £26,000, as against a £10,000 forecast, for a winter landscape by the Dutch artist Frederik Marinus Kruseman, signed 1870.

Sotheby's disposed of a first edition in English (translated by Chaucer and printed by Caxton) of *De Consolatione Philosophiae* by Boethius for £30,000, while at Christie's South Kensington there was a good price of £4,700 for Humes *Treatise of Human Nature*.



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UK NEWS

UK direct tax more in line

BY JASON CRISP

THE LEVEL of direct taxation in Britain since the June Budget is now in line with other industrialised countries, according to a study published today of the leading 20 OECD countries.

For the well-off, Britain must rank as one of the better places to live. A person here on twice average earnings only pays more direct tax than his equivalent in Spain, Portugal, Japan and Italy. At the same earnings level, France also slips ahead of the UK if the taxpayer is married with two children.

But an international comparison at average earnings places Britain clearly in the middle, tenth out of the 20 countries examined, although paying just less direct tax (income tax plus social security contributions) than the average for all countries.

VAT levels

Inbucon, management consultants, who compiled the report, said: "The British manager loses out in that his gross pay, relative to national average earnings, is lower than in most countries."

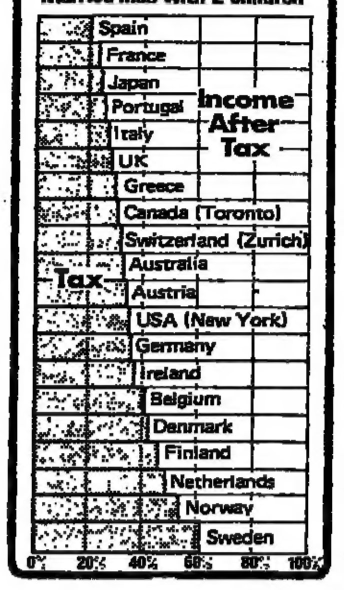
A French manager, with similar respodsibilities to his UK counterpart on twice average earnings, will earn 25 per cent more than twice average earnings in France.

The strong pound and much higher VAT levels has meant the UK is no longer as cheap as it was. Inbucon say the average amount by which other countries' costs exceed UK costs has fallen from 36 per cent to 14 per cent in 12 months.

The Inbucon index, giving the relative cost of living for expatriate employees, shows London becoming relatively dearer to other cities. Last year London was sixth cheapest compared with 25 other major cities, this year, ninth.

Vienna is the dearest city for the expatriate to live, with

DEDUCTIONS FOR DIRECT TAXES AT TWICE AVERAGE EARNINGS
Married man with 2 children



Tokyo a very close second. Both are more than 40 per cent dearer than London.

Toronto is the cheapest (70 per cent of London), followed by Lisbon and Johannesburg.

International Taxation and Living Costs 1979, is available from Inbucon Management Consultants International Salary Research Unit, 197, Knightsbridge, London SW7, 01-584 6171. Price £75.

● NEWS ANALYSIS—WORLD RADIO CONFERENCE

Sharing the air waves

BY ELAINE WILLIAMS

EFFORTS TO promote the greater use of mobile radio will be a major issue at a 10-week international conference which opened in Geneva yesterday.

Most argument in the preparation of the UK proposals for the World Administrative Radio Conference, which sets the regulations for all forms of radio communication and services, has been over mobile radio.

Manufacturers and users have been demanding more space in the crowded radio frequency spectrum for mobile radio. The most vociferous has been Pye Telecommunications, a major British manufacturer of mobile radio equipment.

Mobile radio is one of the most rapidly expanding radio services, with applications ranging from two-way radios for taxis, police and delivery vans, to bleepers for businessmen, car telephones, and citizen's band radio, which is illegal in Britain.

This last is unlikely to gain anything from the international conference since it is a purely national issue. Recently the Home Office, which allocates frequencies for radio services in the UK, outlawed a remote-control cordless telephone because it used the same already allocated frequency as citizen's band radio had wanted to use.

The telephone had attracted the interest of organisations for the disabled and one county police force.

As demand for this and other services grows, more bandwidth is needed. Unfortunately the radio bands mainly used by mobile radio—principally VHF and UHF—are shared by broadcast television and some radio stations run by the broadcasting companies.

Broadcasters throughout the world claim that demand for UHF television is growing as rapidly as for mobile radio, so they want to retain as much of the band as possible.

The BBC would like to expand its stereo radio service and put its educational programmes on a separate frequency. At the moment education has to take over Radio 4's VHF spot for part of the day. Broadcasters also need VHF for the expansion of local radio in the UK

Technology

The job of the conference will be to divide up the frequency spectrum among different types of service. It will be up to individual countries to decide which types of user—government, military or civil—get a particular slot in the band.

Countries will try to press for allocations of frequency to services which reflect their own needs. Historically, the developed nations have had more influence on the way the split has been made and they argue that instead of fundamental changes being made in the radio regulations, better technology should be used to exploit the frequency bands more efficiently.

This involves using techniques which allow services to occupy half the airspace they now use. But such equipment is more expensive and developing nations cannot afford the massive development costs this would entail.

The purpose of the conference is to revise, harmonise and update the international regulations as they apply to all the world's radio communications services, including sound and television broadcasting, long distance radio communications, satellite systems and mobile radio.

It is a vitally important conference, at governmental level, about a limited resource—the radio frequency spectrum. It is run by the International Telecommunications Union, a specialised agency of the UN, which has 154 member nations.

The decisions made will have a considerable influence on all types of telecommunications services in the 21st century since they have the force of an international treaty, likely to last at least 20 years. The last conference of this kind was held in 1959.

Countries have been preparing proposals for the conference for several years. The Home Office has co-ordinated UK ideas from manufacturers, users and broadcasters in the radio field and attempted to compile a set of proposals acceptable to the majority.

The conference may advocate that those services, such as telephone and some television, which can use alternative methods of transmission such as wire or cable should do so, and vacate some of the more congested bands.

But the task of sorting out how the world should use the frequency spectrum to communicate better cannot be sorted out by this single conference. The International Telecommunications Union intends to hold further special meetings in the 1980s on individual topics such as mobile radio, satellites and VHF broadcasting.

ICI drops to twelfth in chemical ratings

BY SUE CAMERON, CHEMICALS CORRESPONDENT

THE U.S.-BASED Du Pont group has been named as chemical company of the year for its "outstanding performance" by Chemical Insight, a leading independent newsletter on the industry.

The newsletter ranks the world's major chemical companies according to a series of yardsticks including sales per employee, value added, debt to equity ratios, and net profit margins.

Du Pont, which has come top of Chemical Insight's league table for the second year running, scored well in a number of areas but particularly on its net profit which was 44.4 per cent up last year on 1977.

Second in the newsletter's ranking was the U.S.-based Merck with the U.S.-based Dow Chemical coming third. The UK-based Imperial Chemical Industries, which came third last year, dropped to 12th place.

Chemical Insight reports that only two of the 26 companies included in the league table failed to reduce their raw material costs in relation to sales—ICI with an increase of 2 per cent and the U.S.-based Grace with a rise of 17 per cent.

The companies with the biggest percentage increases in sales between 1977 and 1978 were Du Pont, with a rise of 12.2 per cent, Union Carbide up 11.9 per cent and Dow Chemical with an increase of 10.5 per cent.

After Du Pont, the second greatest percentage increase in net profit was the German-based Bayer's 37.5 per cent rise. The U.S.-based Exxon Chemical was third with a 20.7 per cent increase.

Du Pont was also the leader in increasing its value added—revenue less the cost of raw materials and purchased services. Du Pont's value added rose 16 per cent, the U.S.-based Monsanto's went up 13 per cent, while the French-based Rhone-Poulenc came third with an increase of 12.5 per cent.

The three major German chemical groups all improved their positions in the overall ranking. Bayer went from seventeenth to ninth place, Hoechst moved from fifteenth to tenth place and BASF rose from twelfth to sixth place.

Management fellowships

MR. NORMAN WILSON, national chairman of the Institution of Industrial Managers, and Mr. Richard Butler, president of the National Farmers Union, are among 29 new fellows named by the British Institute of Management.

Third World 'faces slowdown in growth'

Financial Times Reporter

DEVELOPING COUNTRIES could face a worse slowdown in economic growth than in the early '70s as a result of the recent oil price increases, says the Amex Bank Review.

The review says external indebtedness of less-developed countries, caused largely by the increase in oil prices, is substantially higher than in 1974-75 when the countries were, by and large, able to borrow extensively on international credit markets. But now international liquidity is much tighter, and this is exacerbating the problem of sustaining growth while curtailing inflation.

To the extent that the effects of the oil shock are not spread evenly, currency devaluations might be seen as a classic prescription to restore equilibrium. But the bank says many less developed countries, "with fairly homogenous commodity exports, benefit little from such devaluations, being international price takers for their markets."

Axem concludes that devaluations, where they are already regular policy, are likely to persist. It suggests that in some instances, where the currencies is adjusted in line with the U.S. dollar, a "more trade-weighted exchange rate "rather than the dollar link" might be considered.

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UK NEWS

Liberals back Prior at talks on closed shop

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE ELEVEN Liberal MPs have agreed to support Government plans to limit the closed shop following a surprise meeting between Mr. Cyril Smith, Liberal employment spokesman, and Mr. James Prior, the Employment Secretary.

Mr. Smith, speaking in Margate on the even. of the Liberal Assembly, disclosed that he had been called to meet Mr. Prior last Wednesday. Also present were Sir Ian Percival, Solicitor-General, and Mr. Patrick Mayhew, Employment Minister.

The Liberal MPs are also likely to support the Government's proposals to curb secondary picketing, Mr. Smith said.

Mr. Smith would not give details of the discussions, but said it was his impression that there were differences of opinion in how far the Government should go in banning secondary picketing.

The Government is numerically strong enough to push through its Bill on trade union reforms, likely to be introduced in November.

But there is no doubt that support from the Liberals would be welcome to it and provide extremely valuable moral support in arguing the case against bitter opposition from the trade unions.

Mr. Smith, who is MP for Rochdale, said he felt all the Liberal MPs would follow his line on union reform. *In the case of the closed shop, he said* his views had the specific backing of Mr. David Steel,

Mr. Smith's view was that the Government would "go as far as they can" on the closed shop. "They will make it as difficult as they can for unions to adopt *a closed shop*.

"The Liberal MPs will support the legislation on the closed shop—there is no question of that at all. As far as picketing is concerned, we want to see the legislation before we commit ourselves. However, I would expect us to support it."

Mr. Smith emphasised that his meeting with Mr. Prior did not signify the start of some form of pact between the Liberals and the Government. As far as he knew, no meetings had been *arranged between ministers and* other Liberal spokesmen.

Direct labour plans 'need tightening'

BY MICHAEL CASSELL

GOVERNMENT PROPOSALS, to ensure local authority direct *labour organisations compete* fairly with private contractors, need tightening, according to construction industry leaders.

In a statement issued yesterday, the Federation of Civil Contractors and the National Federation of Building Trades Employers welcomed plans to regulate the work of direct labour operations, which are expected to be included in the forthcoming Local Government

The federations said they fully accepted and endorsed the *basic principle underlying the* proposed legislation, designed to ensure direct labour departments were "fully tested in fair and frequent competition with private sector contractors."

They also backed moves to see that the powers of any authority to employ its own direct labour could be removed or curtailed if the operation *proved financially unsuccessful.*

The two bodies said the Government proposals could not wholly bring about fair competition. They said private contractors competed for work in the knowledge that a successful tender would be legally binding in contractual form and that their prices had to cover inherent risks.

But, they said, if a direct labour department was successful in tendering for work it could never be subject to contractual relations with its parent authority.

The federations are proposing that a separate code of disciplines, comparable with those imposed on the private sector, should be prescribed for application to quotations by direct labour operations.

Employers plan staff cuts to beat recession

BY DAVID FREUD

THE NUMBER of employers planning to cut staff levels during the next few months has risen sharply, according to a survey conducted by Manpower, the international work contracting group.

The group's findings suggest businessmen are reacting to the expected recession by adjusting labour much faster than in 1974. This means that the impact on companies of an economic decline could be much less severe than during the 1975 recession, says Manpower.

The survey, conducted in late August and early September, shows that in the last three months the proportion of employers planning staff cuts has risen from 4.4 per cent to 12 per cent. At the same time, the proportion expecting to increase their staff has fallen from 34.7 *per cent to 28.2 per cent.*

The findings are in line with the FT Business Opinion Survey, which showed that more companies were planning to reduce staff than to increase it.

Manpower carried out its survey among senior executives in more than 1.000 UK organisations, including 90 of the biggest 100 companies. The main reasons given for the gloomier employment projections were renewed concern about labour unrest and pay demands.

Manpower compared employers' current forecasts with those in a similar sample in the last *quarter of 1974, when* the economy was also thought to be about to decline.

The comparison "reveals that industry is reacting more swiftly and decisively to the situation than it did five years ago. The slowdown in the projected staff increases between the third and fourth quarter is more marked."

UK's EEC payment up 300%

BY DAVID FREUD

THE UK's contribution to the EEC Budget has been the fastest growing element in public expenditure in recent years, Mr. John Biffin, Chief Secretary to the Treasury, said yesterday.

The contribution increased fourfold to £626m a year between 1976 and 1978. Without action to curb its growth it would be well over £1bn by 1980, he told the European Congress of Building Societies meeting in London.

The Government has repeatedly emphasised the inequity of the present arrangement. The UK, seventh in the Community in gross national product per head, is far and away the largest net contributor.

Brick deliveries still down

BRICK DELIVERIES in the UK continued to rise in the three months to the end of August but were still down on the same period a year ago.

Seasonally-adjusted figures published yesterday by the Department of Environment showed that deliveries over the three months were 6 per cent higher than in the previous quarter—but 4 per cent down on the corresponding quarter *in 1978.*

The lower level of brick deliveries compared with a year ago is in line with current forecasts of a 2 per cent decline in construction output this year.

Cement deliveries in the same period were up 8 per cent on the previous quarter and 5 per cent on a year ago.

Wholesaling returns sharply up

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

REAL RATES of return in wholesaling and retailing remain much higher than in *manufacturing, though all rates* are well below the levels of the 1960s and early 1970s.

This is indicated by the Department of Industry's analysis of large quoted companies' accounts. It estimates profits after deducting depreciation and any rise in value of stock as a percentage of net trading assets at the current cost of replacement.

Large manufacturing companies' real profitability in*creased in 1977 to 5.1 per cent* compared with a low of 2.1 per cent in 1975. This compares with a real rate of return of 7.9 per cent for wholesalers, sharply up on the previous year, and 10.3 per cent. for retailers.

The figures for large quoted companies are not fully representative because they are limited to groups operating mainly within the UK whose main activities are either in manufacturing, wholesaling or *retailing.*

The Department has also confirmed that real rates of return for industrial and commercial companies showed little change between 1977 and 1978.

Although the returns were *higher than the very low levels* of 1974-76 they were still well below those of 1973 and earlier years.

£40m shopping complex opens

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

MRS. MARGARET THATCHER will today officially open Europe's biggest covered shopping area at the new town of Milton Keynes.

The 1.1m sq ft of retailing space, built at a cost of about £40m, will house 130 shops including department stores such as John Lewis and Dickins and Jones through to market traders and specialist shops.

The centre will form the heart of the city which, by the 1990s, will house over 200,000 people in what was originally 22,000 acres of Buckinghamshire green fields.

Unlike other major shopping centre schemes which have had to fit in with existing developments, this centre was built entirely from scratch.

The development represents the latest, and largest, milestone in the progress of UK covered shopping complexes.

Rising consumer expenditure has stimulated development of new, if less ambitious, centres in many parts of the country. Covered complexes have recently been built in Newcastle, Nottingham and Telford. Smaller schemes are underway in many regional centres.

Large developments are planned for Sutton in Surrey (400,000 sq ft) and Wakefield (270,000 sq ft); smaller ones for Leeds, Harrow and Rugby.

The Milton Keynes planners chose a half-mile long, two-storey oblong building almost exactly in the centre of the American-style grid road system which bisects the city's development area.

Two main high streets run*ning parallel inside* the centre, are paved with sandy covered marble and lined with trees, shrubs, plants, and marble benches.

A feeling of space is created by the height of the concourse and reflective glass on windows to mirror the trees.

The major retailer is the John Lewis department store. *Others already, or about to,* open include Boots, British Homes Stores, F. W. Woolworth, C and A, Dickins and Jones, Habitat, Mothercare, and W. H. Smith.

Marks and Spencer has reserved a site but has not finally decided on opening a new store.

The complex will also contain specialist food retailers, banks, betting shops, and building societies. The Barclays bank in the centre does not have the traditional glass partition between staff and customers as a special security system means that while cheques can be cashed almost immediately, money is not on open display.

There are two supermarkets—Bishops and Waitrose—each around 30,000 square feet.

Catering facilities include a restaurant in John Lewis', a pub, a wine bar and a MacDonald's fast-food take-away.

There are two main squares, one containing an ornamental pool and fountain. The other can be used as a temporary exhibition centre.

The centre's developers expect that up to 350,000 people *will visit each week by Christ*mas. This, they feel will create sufficient "traffic" of shoppers to make the centre viable.

Apart from the new centre, the Milton Keynes development corporation is also responsible for developing the city's other shopping facilities. Its strategy is based on district centres and small groups of shops providing a wide range of retail outlets to complement the central development.

CONTRACTS

U.S. engines for new helicopter

GENERAL ELECTRIC of the U.S. has won a $5m (£2.3m) contract from the UK Ministry of Defence to supply engines for the prototype of the new anti-submarine warfare helicopter under development by Westland Aircraft of Yeovil. The helicopter, the WG-34A, is intended eventually to replace the big Sea King anti-submarine helicopters which have been in naval service since the late 1960s

Whereas the Sea Kings use Rolls-Royce Gnome engines, the WG-34, initially at least, will use U.S. engines. It is considered *unlikely, however, that having* developed the aircraft round U.S. power-plants, the Ministry of Defence will revert to Rolls-Royce engines in the eventual production version. The engine now chosen is the GE T-700, which is widely used in U.S. helicopters, including the Sikorsky Black Hawk Army helicopter and the SH-60B naval helicopter. The MoD contract covers nine engines for ground testing and the prototype aircraft, called a "flight dynamic test vehicle."

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Two contracts together worth £2.5m to supply and lay materials for two new by-passes in the North of England have been awarded to Knaresborough-based TILLING CONSTRUCTION SERVICES. At *Stockton-on-Tees*, the company is to supply and lay 100,000 tonnes of lean concrete and 73,000 tonnes of black top surfacing material over a seven kilometres stretch of the Stockton By-Pass. Main contractor is Cementation Company. Tilcon is to supply and lay 98,000 tonnes of black top on the A66 Appleby By-Pass—main contractor is Tarmac Construction.

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HAWKER SIDDELEY DYNAMICS ENGINEERING has won a contract worth over £1m for the supply of two, large-chambered "*Dynaweld*" electron beam welding machines to Burnley Engineering Products, Burnley, Lancs. Each machine has duplex work handling arrangements and can handle assemblies up to 1,300 mm diameter.

★

Fork lift truck hire contracts, together worth over £1.3m have been awarded to HARVEY PLANT, Wooburn Green, Bucks. They include the supply of some 113 fork lift trucks to motor car manufacturers, dock and har*bour* authorities, electrical engineering and plastic processing contractors, timber merchants and the consumer industries

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SPACEWAY DESIGN, Alton, has an order of £172,000 for storage and materials handling equipment, supplied to Kuwait.

★

Two control and telemetry systems designed and built by RACAL COMMUNICATIONS have been ordered for use in a new, totally integrated high frequency radio network for the Royal Air Force strike command. One of the systems has already been installed and the second will shortly undergo testing before installation.

UK NEWS—LABOUR

New talks in Times dispute

By Alan Pike, Labour Correspondent

Talks were reopened with Mr. Reg Brady and other representatives of the Sunday Times machine chapel (office branch) of the National Society of Operative Printers, Graphical and Media Personnel on pay rates and manning levels.

Previous efforts to settle with the chapel have been unsuccessful but management representatives are optimistic about the new round of talks.

Mr. Brady and his colleagues claimed yesterday that NATSOPA machine chapel members should be paid 87.5 per cent of the rate received by National Graphical Association machine room members. The management said this could not be settled without the NGA becoming involved. It was proposed that it should be discussed following republication.

Several other NATSOPA chapels—including the big Sunday Times clerical chapel—have still to reach agreement with Times Newspapers and talks will continue today.

All Times Newspaper employees except for the outstanding NATSOPA groups have reached agreement with the management. A return-to-work formula was endorsed by national officials of the union but repudiated by many members.

Picketing laws

THE Institute of Personnel Management yesterday became the latest management organisation to warn the Government to confine its legal curbs on industrial action to "secondary picketing." It said that to reduce the legal protection on picketing could set back the whole process of reforming industrial relations.

Vauxhall's Luton plant accepts 17% pay offer

BY NICK GARNETT, LABOUR STAFF

MANUAL WORKERS at Vauxhall's Luton plant voted at a mass meeting yesterday to accept the company's 17 per cent pay offer. The workforce at the Dunstable plant is also scheduled to meet this week, and some company and union officials expect a similar vote.

The company has promised to reopen negotiations if the Retail Price Index rises by 16 per cent during the twelve months to next September, the settlements anniversary date. Official forecasts predict an inflation rate over that period of 13 to 14 per cent.

The offer involves rises of 13 to 15 per cent, with a further 3 to 4 per cent on benefits. This includes an extra days holiday and pay at time-and-a-third for 20 days of holiday.

The strike by non-craft manual workers at the company's Ellesmere Port plant, Merseyside, over the same offer, is in its fourth week.

Production of Chevettes and Chevannes has been halted there. All output of trucks at Dunstable and vans at Luton, which are dependent on parts from Ellesmere Port, has also been stopped. Production of Cavaliers and Chevettes at Luton is being maintained at reduced levels because of the strike and the national engineering dispute.

The company yesterday said 10,000 vehicles, with a showroom value of £32m had been lost.

Ellesmere Port strikers mounted pickets yesterday at Harwich, where Vauxhall brings in parts for Luton-made cars, and models produced in Belgium and Germany.

Shop stewards at Ellesmere Port have said they will not consider a return to work unless the money offer is improved.

The company says it will not increase the offer, which will raise pay for top rate craft workers from about £87 to £100. Middle grade production workers would move from £77 to about 88 and lowest grade workers from £69 to about £78.

Miners submit 65% claim

By Nick Garnett, Labour Staff

MINERS' LEADERS yesterday formally submitted a claim for rises of up to 65 per cent. They want the National Coal Board to indicate its general attitude to the claim by October 10, a day before the union's next executive meeting.

Board negotiators said they could not commit themselves to a date until the full board had met, partly because of the claim's size.

National Union of Mineworkers' officials yesterday stressed the element of the claim dealing with the union's demand to move the settlement date from March to the more traditional November.

This, they said, would result in relative increases in productivity by tying what they said was the general tendency of miners to improve output after a pay settlement to the winter's peak demand period.

The claim also argued that a revaluation now of the last March settlement was justified.

Apart from large grade rates increases, the claim also seeks improvements in allowances, a scheme for protecting earnings when miners switch jobs within the industry, and a firm commitment to reduce the working week.

NUM negotiators also said recent settlements, including those of the police and the electricity supply industry, threatened the miners' position in the pay league.

The claim involves a rise in the maximum rate for face workers from £84.95 to £140, for other underground workers from £78.50 to £126 and for non-craftsmen surface workers from £72.30 to £100.80.

Assurance on Shotton closure

BY ROBIN REEVES, WELSH CORRESPONDENT

STIFF TRADE UNION opposition to the closure of Shotton steel mill will not prejudice the size of British Steel Corporation's redundancy payments, Mr. Peter Alen, managing director of the corporation's Welsh division, conceded in North Wales yesterday.

He also noted that BSC has yet to close any steel plants without first getting the agreement of the workforce. His comments came in discussions with Clwyd County Council which vigorously opposes the threatened closure with its loss of 7,000 jobs.

There has been a widespread impression among Shotton's workers that severance payments could be less generous if they continue to resist the closure which BSC wishes to begin by Christmas.

A united trade union-community campaign against the planned shut-down has been weakened recently by a decision of blast furnacemen in favour of a negotiated closure.

Mr. Alen re-emphasised that the shut-down was essential to reduce BSC's excess capacity to meet the Government's insistence on the corporation breaking even by March 1980.

At the same time, he suggested that annual UK steel demand could contract to as little as 15m tonnes in the next few years compared with BSC's current capacity target of 18m tonnes and its forecast of a few years ago of a 25m-tonne market in the 1980s.

Teachers' pay 'is trailing by 30%'

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

THE TEACHERS' 9 per cent rise in April has still left them 30 per cent on average behind pay increases of other workers, says the second biggest teachers' union in its evidence to the Pay Comparability Commission, published today.

The 116,000-member National Association of Schoolmasters and Union of Women Teachers says that rises ranging from 12.6 per cent for the lowest paid to 46 per cent for the highest are needed to restore school staff to the pay relativities established by the Houghton Committee in 1974.

Murray warning on soured wage round

BY CHRISTIAN TYLER, LABOUR EDITOR

A WAGE round soured by the Government's monetary policy and cuts in public services and jobs was predicted yesterday by Mr. Len Murray, TUC general secretary.

He said the Government had "undoubtedly changed for the worse the climate for collective bargaining in the wage round we are just entering."

Trade unions would be justified in seeking wage rises which at least protected their members' living standards against inflation and high interest rates, he said.

"I should also say that workers are unlikely to be persuaded by choruses of fine speeches by Government Ministers that they should take a wage cut."

Speaking at a Dillon Read Overseas Corporation seminar, Mr. Murray painted a gloomy picture of recession in the world economy. He criticised the Government for introducing policies which were inflationary and deflationary at the same time.

"The TUC and affiliated unions are frequently attacked for undermining the prosperity of the country. We are accused of being shortsighted.

"I believe this is an unfair picture. The TUC is gravely concerned about the future of the UK economy, as indeed we must be with 12m workers and their families looking to us.

"However, if Government turns a deaf ear and believes there is no need to seek co-operation and consensus, trade unions cannot simply shut up shop."

The Government was even more sharply attacked by Mr. Sidney Weighell, general secretary of the National Union of Railwaymen, in a speech to the London Chamber of Commerce.

It was only a matter of time before the Government was forced by the situation to re-examine its policies, he said.

There had to be a consensus, but the Government would get none while it persisted with its labour law reforms.

NALGO dispute hits students

NEW UNIVERSITY students have been advised by the chairman of the National and Local Government Officers' Association university clerical and administrative staff committee to stay at home until a pay dispute has been settled.

NALGO wants a 24 per cent pay increase for 20,000 staff and has planned a one-day strike on October 1, a work-to-rule and non-registration of students. The non-registration means problems with grant payments and university fees.

Union journals bar Aims advertisement

AIMS, *the free enterprise* organisation, complained yesterday that one of its advertisements had been rejected by the journals of the National Union of Railwaymen, the National Union of Mineworkers and the the General and Municipal Workers.

The advertisement advises union members on action to take if their employers deduct the Labour Party political levy even though they have opted out of payment.

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David Churchill looks at the implications of Marks and Spencer's £11m package of price cuts

Retailers under pressure

A WIDELY QUOTED axiom in the retail trade suggests that when Marks and Spencer sneezes, most of its competitors have already caught a cold. Yet retailers are at present in two minds about whether the £11m package of price cuts being implemented by M and S actually indicates the on-set of price-cutting fever in general or merely a growing allergy of shoppers to M and S's relatively high prices.

Certainly, a High Street price war on non-food items to rival the fierce price competition among the grocery chains over the past two years has not yet been ruled out by a retail trade which anticipates its most uncertain period since the 1975-1976 recession.

Having benefited from a classic consumer boom for the past 18 months—culminating in the frenzy of pre-Budget buying this summer—retailers are now having to face up to the reality of a dampening of demand and steeply rising operating costs.

With the crucial pre-Christmas period approaching, which traditionally provides the bulk of profits, it is hardly surprising that retailers are clutching at the prospect of the autumn income tax rebates to restore flagging sales.

But there remains the nagging doubt that even if these rebates (which, for example, will give a married man on £6,000 a year a lump sum of £60 in October) manage to prop up sales in the last quarter of the year, the prospects for 1980 are far from buoyant.

The uncertainties facing retailers stem in part from the unusual trading pattern that has affected them throughout 1979. First, the severe winter weather and transport strikes combined to make the early months of the year fairly bleak for many shops. The Deben- for many shops.

Yet after this bad start, the retail trade was given a boost, first by the expectation of a spring Budget which although it did not take place still led to the usual pre-Budget buying spree, and then by the real pre-June Budget boom. Sales in June rose by 6 per cent in volume over the previous month, while the total value of these sales were about 20 per cent higher than a year earlier.

Consumer durables, such as freezers and colour televisions, were most in demand although these goods already carried a higher rate of VAT than most others.

The mini-boom conditions created by consumer anticipation of higher VAT in the June Budget came to an abrupt end when the standard VAT rate was increased from 8 per cent to 15 per cent. The effect on retail sales was dramatic. Sales volume, according to Department of Trade figures, fell by 10 per cent in July as consumers would not, or could not, pay the higher prices caused by the extra VAT.

On top of this apparent consumer resistance to higher prices, London retailers in particular have been hit this summer by a shortfall in tourist trade.

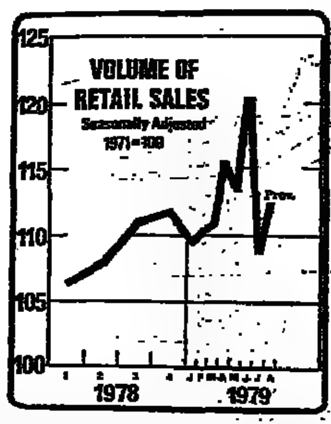
Retailers' response to the slump in demand has been to lengthen the usual summer stock-clearance sales; launch a promotional offensive (Curry's embarked on a £300,000 advertising campaign); absorb part of or all the VAT increase for as long as possible; or, as in Marks and Spencer's case, to cut prices in the hope of attracting more sales.

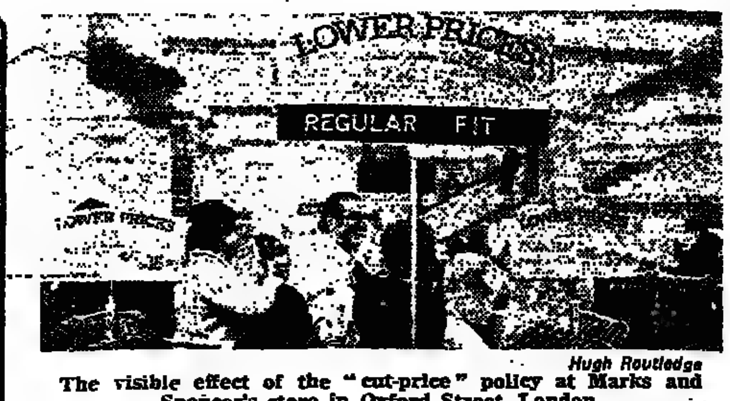
The initial success of these moves is shown by the partial recovery in August, when there was a 3.4 per cent rise in sales.

In some respects, M and S's action was forced on it as a result of short-term influences notably the fall off in tourist spending and the especially poor performance of clothing sales so far this year. These trading problems must be set against M and S's higher prices which consumers have been willing to pay in the past in return for the guaranteed St. Michael quality.

Marks and Spencer's major High Street competitors have adopted a cool approach to the price initiative, suggesting—with just a touch of sour grapes—that the price cuts only brings M and S prices in line with their own.

But retailers' attempts publicly to play down their competitors' price cuts are at variance with some privately-expressed opinions in the trade which suggest that Marks and Spencer may be right after all. The Marks and Spencer view appears to be that the pressures on both costs and demand are combining to put the retail sector under intense pressure. In such circumstances, it believes that action now is the best way of ensuring it maintains its position as the premier retailer.





Hugh Routledge

The visible effect of the "cut-price" policy at Marks and Spencer's store in Oxford Street, London.

On the costs side, the most important single element, representing about half of a typical store group's costs, is labour. Retailing is a labour-intensive industry although the high proportion of women workers and the substantial staff turnover have meant that wages are traditionally low. However, pay settlements in the retail sector have averaged around 15 per cent in recent months, and with growing inflation, the pressure for higher settlements in pay negotiations still pending is mounting.

As most retailers have kept a tight rein on staff numbers since the mid-1970s recession, there is little scope for cutting staff to offset increased wage rises.

The other major cost pressure comes from the swingeing increases in rates over the past year with even higher rises in prospect as central government support for local authorities is reduced. A buoyant property market—both for renting and buying—has also added to cost pressures.

It is thus fairly clear that retailers' operating costs will go up sharply during the next 18 months. The question is whether sales—allowing for inflation as well as volume increases—will be greater than the rise in costs.

There is considerable uncertainty about the future pattern of consumer spending, with the Treasury, City analysts, and others taking differing views. Stockholders Phillips and Drew, for example, believe that volume growth will be reduced and suggest "that operating expenses will rise more rapidly than sales over the next 18 months, thus squeeze net margings."

However, in the immediate future two things give cause for optimism. One is the recent strength of sterling (although it now appears to have come down from its peak) which favours the retail sector because it keeps import prices down. The other factor is that retailers usually benefit in the initial stages of an inflationary upturn because cost increases usually lag behind higher cash flows generated by higher prices.

But such a phenomenon will only be a temporary respite. Once costs start catching up with retailers, they are unable to pass them on in higher prices because demand has been hit by the effect of inflation on disposable incomes.

While a general price-cutting war still seems unlikely to emerge, specific campaigns in various retail sectors cannot be ruled out. The present level of competition in the food sector is unlikely to let up, but no new offensives of deep price cuts are expected to be launched, simply because few retailers could afford them.

Demand for consumer durables is also expected to remain relatively buoyant because the VAT increase was smaller than for most other goods.

The two sectors most likely to have problems coping with the VAT increases are the clothing and furniture trades. While women's wear is traditionally able to withstand price rises because of the fashion appeal, menswear suffers far more from a sales slump. Furniture sales are likely to be more affected than most because of the proportionately larger price rises on higher value items arising from the VAT increase.

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Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● PROCESSES

Pictures printed by jets of ink

WORK GOING on at Cambridge Consultants has resulted in the ability to drive ink jet printers (or any other "dot or no-dot" printer) to produce good quality half tone pictures in black and white.

Such pictures are known as dispersed half-tones because the black and white dots are dispersed over the picture area so that the local density of dots corresponds with the tone of the original.

Key to the development is the software, a novel scanning algorithm which transforms continuous tone originals into a form suitable for bi-level devices like the ink jet. Basically, a two dimensional set of grey scale values, digitised to seven or eight bits per point, is converted into another two dimensional array of one bit per point black or white points which appear on the paper surface with a spacing that gives the original grey scale again. The user is provided with edge enhancement and texture facilities to vary the appearance of the output picture.

Since ink jet printing is a non-contact process the prospect arises of being able to print photographs on to a number of difficult surfaces.

Cambridge Consultants is considering the logical extension to colour pictures since in principle it should be possible to scan an original, apply the algorithm together with colour data and apply the output directly to a four colour ink-jet system with no photographic processing, platemaking, etc.

More from Science Park, Milton Road, Cambridge, CB4 4DW (0223 58855).

Cleans the small parts

FULLY AUTOMATIC washing machine for speedy and efficient cleaning and degreasing of engineering components, called the Solent Top Loader, has been designed and made by Thamco Engineering, Solent Works, 5 Victory Trading Estate, Kiln Road, Portsmouth, Hants. (0705 697514).

Parts are loaded into a basket and then cleaned by a revolving and jet-spraying action which is said to be superior to agitated immersion cleaning due to the pump inlet drawing clean solution from beneath the scum layer.

Also announced by this company is the Solent Agitator for cleaning the smaller component parts. This can be operated off any standard compressed air line, or from a small, electrically operated portable compressor, also supplied by the company. Operation is said to be economical and simple, using cleaning fluids such as paraffin and trichloroethane.

Again, a basket is filled with the parts to be cleaned and then immersed in the solution in the drum where cleaning is effected by agitation. Compact and lightweight (the drum height is only 15 in), the unit can be used on or under a workbench.

Crushed and bagged

DAILY PROBLEM encountered in medical establishments, catering trade, breweries and bottling plants is disposal of glass containers and bottles, and a solution is offered by B.I.F. British Industrial Fastenings, Gatehouse Road, Alyesbury, Bucks (0296 81341).

Specially designed for these users is the BIF Glasher crushing machine which reduces 56 average-size bottles in 60 seconds and then packs the glass dust or cullet (as it is known in the trade) into neatly shaped self-sealing bags for easy disposal.

Easily installed and simple to use — it does not require permanent fixing to the floor, or any plumbing—the machine is plugged into an ordinary domestic electricity supply, and it can be wheeled to wherever it is needed and used anywhere within reach of a 13-amp socket.

Bags have a specially designed valve that fits on to the machine and when full they can be quickly removed and are self-sealing for safe disposal, storage or stacking. They also have good wet strength to cope with any liquid residue left in the bottles or containers.

Will put a name to it

INCREASING TREND within industry to use electric engravers to mark identification numbers and symbols on tools and equipment, etc., is being met by a heavy-duty engraver from Burgess Power Tools, Sapcote, Leics (045-527 2292).

Applications include marking spare parts to aid assembly, stock control and/or security, and the single-speed engraver operates at 6,000 strokes a minute. It is fitted with a variable stroke control to shorten or lengthen the stroke, conforms with BS 2769, has a reinforced nylon casing, is double-insulated and guaranteed for 500 days.

Each engraver is supplied with two hard points and two extra hard points for general engraving, including on metal and glass, plus one standard point for softer metals, plastics and a variety of other surfaces.

Originally requested by glass engravers is a very fine engraving point, reference A2, which has now been introduced by the company. Suitable for the Model 376 and all other Burgess Powerline engravers, this point can be used on practically all materials but is specially suitable for use on glass.

● METALWORKING

Changing a tool on the move

TOOL HEADS which enable machine operators to change tools simply and quickly without stopping the machine spindle and without the need for auxiliary tools or wrenches, are available in the UK. A particular aspect of these heads is that they make possible this facility while maintaining a very high level of accuracy.

"In-Motion" heads, available from Tecmaco International, have been designed for common light machining operations such as centre drilling, drilling, reaming, boring and tapping where substantial savings in time can be made.

Although new to the UK, it is believed to be the most commonly used quick-change tool system in North America where it is successfully employed on precise and demanding work on drilling machines, jig-boring machines, turret lathes, engine lathes, drill presses and radial drills.

The in-motion tool head consists of a shank (to match the existing machine spindle) at the base of which is a toggle-lever mechanism wholly enclosed by a freely rotating knurled sleeve.

To change a tool, the knurled sleeve is grasped (it will stop rotating immediately it is held despite the fact the spindle continues to revolve) and moved sharply upwards. This upward motion releases the tool holder which also stops rotating. It is then ejected.

To engage a new tool holder in the tool head, the knurled sleeve is again moved sharply upwards. The new tool holder is inserted along the axis of the tool head and the knurled sleeve immediately pulled down until it is locked in its lower position.

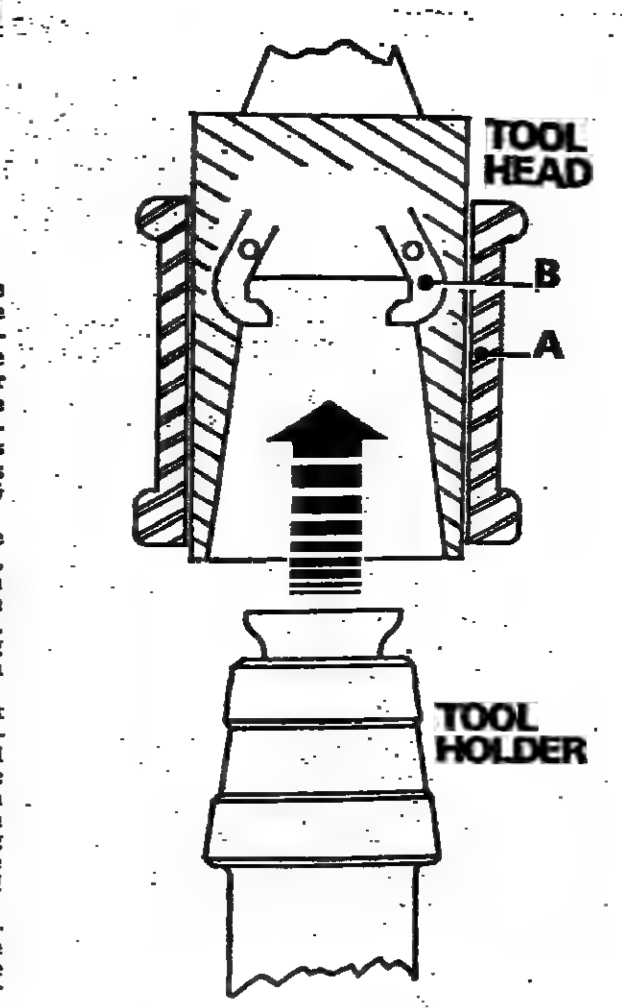
The in-motion tool head employs an over-centre toggle-locking action and it is important the operator pulls down the knurled sleeve until he feels the over-centre toggle action take place. This is a very positive action, easily sensed, which enables a practised operator to change tools in about three seconds.

Accuracy, rigidity and durability of the In-Motion system rely largely on the matching taper between tool holder and tool head. The angle is that of a self-locking taper enabling maximum torque to be transmitted in operation while allowing immediate separation of the two parts when the internal levers are disengaged.

The internal levers in the tool head grasp the upper part of the tool holder and pull it positively into the tool head and, when fully engaged, the over-centre toggling action holds all elements solidly in place.

This method has a positive advantage over alternative systems using hardened steel balls to lock the tool head and tool holder together. Such balls are normally harder than the metal with which they come in contact, creating the possibility that they may deform this metal and cause excessive play and loss of accuracy.

Tecmaco International, 4 Cotswold Chambers, John Street, Stroud, Glouces. GL5 2HA. 04536 78757.



● COMPONENTS

Discounts for the student

GEVEKE Electronics has introduced a special purchasing scheme for the benefit of the IUCC and members of ACUCHE. Under the scheme individual universities, polytechnics, and associated departments, can procure terminals from the Geveke product range at substantial discounts.

Products covered by the scheme satisfy four basic peripheral needs: quality daisy-wheel printing, matrix "draft" copy, storage media, and a low-cost visual display unit. All equipment is supplied with an RS 232C interface and options are available for current loop interface and ICL 1900 compatibility.

Savings which can be realised are significant. For example, approximately £360 can be saved on the published price of a Diablo printer. In addition to Diablo printers and terminals, Geveke is a main UK Distributor for Teletype, Techtran, and TEC.

Geveke Electronics, RMC House, Farm Road, Woking, Surrey GK21 1DW. 04862 71337.

● PHOTOGRAPHY

Will film newspapers

LIBRARIES AND other organisations faced with the task of microfilming newspapers (probably bound in large volumes) might be interested in a camera that has been developed for the purpose by Office Equipment (John Dale), Clink Street, London, SE1 9DR (01-407 8511).

It is to be used at the British Library in Colindale which contains half a million volumes and parcels of newspapers and periodicals to which about 5,500 new volumes are added each year. There are already 95,000 reels of film in store.

The new camera, made by SMA Schaut in Germany is known as the Plandale SMA1/SBL and has a camera copy book table of split design which allows an open volume up to six inches thick to lie with both sides at the same level. Both sides are adjustable. The table is driven from left to right so that the exposure can be lined up without moving the book.

The camera itself is the normal planetary type which films at reduction ratios between 12 and 30 times, in cine or comic mode.

● HANDLING

Collects all wastes

VIRTUALLY ANYTHING wet or dry from asbestos dust to metal slag, chemical wastes and sewage can be collected for disposal or reclamation by vacuum equipment devised for mounting on a road vehicle. The vehicle called the Vactor 2045 can be utilised to reclaim valuable materials used in production processes or for clearing chemical storage tanks, sewage plants and underground street drainage pipes.

The change from handling liquid to solid waste can be made quickly and easily via simple external adjustment lever. Material is sucked up by a large diameter hose attached to a central boom, which rotates through 300 degrees, and the unit is stated to be powerful enough to suck up material from a great depth and a long distance from the collection point.

Once the 16 cubic yard (larger sized containers are available) capacity debris container is full the vehicle can be driven to the nearest disposal site to discharge its load.

Full details are available from Vactor at Winkleigh, Devon. (803 783 555.)

Will deal with big loads

ELECTRONIC WEIGHING platforms with dimensions ranging from 484 x 484 mm to 3,000 x 2,400 mm, able to weigh loads from 60 to 6,000 kg have been introduced by Darenth Weighing Equipment.

With intelligence provided by a microprocessor the equipment has fully subtractive electronic tare, calibration, checking and display controls, with readings produced on a 1-in light emitting diode display. The electronics are in a tough metal case for bench or wallmounting. A printer using 60 mm electro-sensitive paper can be supplied if required.

This "W" range can be supplied in semi-portable free-standing form with a lever-frame load collection system and a single load cell, as a similar design for fixed installation, or in low profile form with four encapsulated load cells. The latter has ramps to allow trucks to be wheeled on and off and because the load section is sealed the unit can be safely hosed clean.

More from Cray Avenue, Orpington, Kent BR5 3RJ (0689 72901).

● POLLUTION

Keeping the oceans cleaner

A SYSTEM which allows vessels to pump bilges normally and still comply with international shipping standards is called BilgeMaster 1, is made by National Marine Services of St. Louis, U.S., and is being distributed in Europe through Marine Ventures, 8 Waterloo Place, London SW1 (01-930 0515).

First sales here are to Sun Line of Greece for installation in its luxury Mediterranean/Caribbean cruise vessels 'Stella Oceanis' and 'Stella Maris II.'

Secret of the oil/water separator's 'zero discharge' capability, says the company, is a patented process of effluent disposal through evaporation.

Oil separated in the device is pumped to the vessel's oil storage tank for re-use or subsequent disposal, while the waste water purified to less than 15 ppm oil content is injected through a spray nozzle into the hot exhaust gases of the engine and up the ship's stack.

Particular benefit of the BilgeMaster I is the possibility it gives of eliminating the need for an effluent-monitor alarm because no overboard discharge need take place.

This fully automatic separator does, however, retain the capability of overboard/shoreside discharge as an alternative for use whenever international marine regulations permit.

THE JOBS COLUMN

Not so long at the fair • Cash for women

BY MICHAEL DIXON

THE MANAGERS of London's Earls Court exhibition hall looked as though they expected Peter Findlay any second to don a cocked hat, stick a hand inside his jacket, and introduce himself as Napoleon.

After all, if he had been asking them to put on a show of boats, carpets or things like that, they would have known what he was on about. But there he was, to all appearances of sound mind, exhorting them to stage an exhibition of . . . jobs.

The notion came to Mr. Findlay last autumn when, as a recruitment consultant, he was looking through the current job advertisements. In particular, he was looking for one under his own name, seeking computer programmers and systems analysts.

He took a while to find it because about every third ad was screeching for the same kinds of people. He would be lucky to find letters from any of them among the piles of replies from folk who thought programming was the first step to becoming a television producer, and the like.

The glut of demand was such, he thought, that programmers and analysts would probably be put off responding. The whole business of applying was such a tedious paper-chase. The same would probably be true of all types of worker whose skills were in short supply. Moreover, the welter of bumf-pushing that lay between would-be employer and aspiring employee was enough to deter other kinds of worker, like those who had been out of employment for long enough to doubt that anybody would want them any more.

Yet the odd thing was that within seconds of meeting an applicant a recruiter could usually frame a good idea of whether or not the matter was worth pursuing. No doubt the applicant could decide equally quickly about the employer. If only the employment market could be fixed so that the two main parties did not have to make their first contact in the guise of paper dolls, and instead could meet face to face. . . .

Almost instantly he was round at Earls Court being looked at, as he says, "most peculiar." Then one of the exhibition hall's staff with a longish memory suddenly realised that what the suspected nutter was talking about took the exhibition business back to its origins. One of the many, and not always seemly, things that went on at the ancient goose fairs was the buying and selling of employment. Somebody picked up a telephone and got through to Frank Winter of Industrial and Trade Fairs.

And that is why, from June 14 to 22 next year, Earls Court will be staging what is thought to be the first International Jobs Fair. Already negotiations are progressing with some 150 employing concerns including 20 from overseas, and ranging from Ferranti at the high-technology end to Abbey Life on the commercial side. On the day, Peter Findlay intends that fair-goers will be able to walk right in and talk to representatives of organisations wanting an assortment of workers from cooks to chief executives.

For their part in "Opportunities '80," the aspiring employers will have to pay £95 a square metre for their stands which, of course, can include provision for instant interviewing. But for the price, there will also be a computer system designed to act as an initial go-between.

The job-seekers will be able to indicate on a standard form the kind of work and salary they want, and the experience and qualifications that entitle them to want same. The computer will direct them to the stands which seem most likely to be welcoming.

Frank Winter, who is directing the exhibition (ITF, Radcliffe House, Blenheim Court, Solihull, West Midlands) will arrange for the job-seeking forms to be available in advance. But even for hunters who do not fill in their forms until they are through the fair's turnstiles, the wait before meeting their potential employer should be a good deal less than is usual on the conventional market. "The computer," Peter Findlay says, "is being programmed to supply them with personal directions within just eight seconds."

Anti-ambition

THE FIRST time I heard a woman publicly complain that, to have the same chance as a male of getting a job, a female has to be noticeably better, was at a conference some dozen years ago. Her name, if I remember aright, was Margaret Thatcher.

Much bureaucratising in favour of sex equality has taken place since, of course. But whatever the law says, I doubt whether our Prime Minister's complaint has ceased to be true about the chances of getting jobs in senior management.

Indeed, the law's provisions about maternity leave (I gather that someone who wanted to have a child every year could do so by taking 29 weeks off annually while still being entitled to have her job kept open for her) may even have reduced a youngish woman's relative chances of a top managerial post.

"I want to be an international marketing chief," a career woman told me once, "but I'm always turned down in favour of a man. I think companies won't take the risk of my demanding months off to have babies. They know that I can't give up my rights under the law, you see. So that even if I signed a contract making pregnancy grounds for my instant dismissal, on the day I'd be liable to change my mind."

Removing such obstacles is of course beyond Uwe Kitzinger, dean of the INSEAD international business school in France. But to mark the school's twentieth anniversary, he has taken steps to help some ambitious women to qualify for a mistress of business administration degree and so become "noticeably better," at least on paper, than most male candidates for management jobs.

Thanks to Marks and Spencer and to the fund West Germany maintains in gratitude for Marshall Aid, the school now has a total of 20 studentships specifically for women. Worth the equivalent of £3,000 apiece, the awards should cover virtually all of the still unsettled fees for the year's course starting a year hence.

By then Dean Kitzinger will have completed his four years at INSEAD and be installed as director of the Oxford Centre for Management Studies, but he is anxious not to leave France without having the first batch of studentships signed, sealed and delivered to first-class candidates.

Whereabouts in the world these come from does not matter, provided they are conversationally competent in both French and English and willing to learn German fast. Applicants, who should also have a good degree and, preferably, at least three years in business, should apply to Claire Pike at INSEAD (Boulevard de Constance, 77 Fontainebleau, France).

While laudable, however, such measures can only treat the symptoms of the ill which Mrs. Thatcher complained of all those years ago. Surely now the Prime Minister should try to initiate changes in the sex equality law so that it no longer protects the majority of women who are not interested in competing for more than middling jobs, at the expense of restraining the few ambitious to challenge men for the commanding heights of the economy.

هكذا من الأصل

هكذا من الأصل

£6,000 accountancy appointments £9,000

Components ITT

SENIOR ACCOUNTANCY POSTS

Salaries £6,500 — £9,000 p.a.

In line with continuous planned programmes of expansion, the Accounting System of ITT Components Group, one of the world's fastest growing Electronics Manufacturing and Distribution Organisations, has several vacancies at various levels to strengthen its existing team of professionals. Because of the importance of the Group's Financial Division, there are excellent *promotional prospects* in an environment of highly Advanced Management Accountancy Techniques, to provide a long lasting and rewarding career.

The need calls for qualified ACA, ACCA or ACMA, aged 25/40, with some experience in Financial Analysis, Financial Control or Management Accountancy, preferably in an industrial environment. Recently qualified or part qualified candidates with relevant experience will also be seriously considered.

Although the Group's U.K. Headquarters are situated in a very pleasant rural area of Essex, other U.K. operating units are located in equally nice areas such as Devon, North Wales, Yorkshire, East Anglia, etc., where successful applicants could be based according to their qualifications and disciplines.

The appointed candidates can expect substantial benefits to include generous relocation expenses, pension scheme, sickness and accident benefits, excellent social facilities and others normally associated with large International Corporations.

In view of the urgency to complete this assignment, interested candidates are invited to obtain further details and a confidential Personal History form by immediately telephoning Alexandre J. Hakim M.Sc. M.B.A. or Brian Worthington F.C.I.S. on 01-734 9035, quoting ref. no. L1376

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Men or women who are interested in this position should initially contact:—
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For further information and application form please contact:

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Applications are invited from chartered accountants with some post-qualification experience either with a large auditing firm, or in industry or commerce.

Please reply in confidence to:—

Ian Hunter,
St. James's Advertising and Publishing Co. Ltd.,
The Rotunda, New Street, Birmingham B2 4PA.

Applications will be forwarded direct to our client, any companies not to be approached should be listed.

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An exciting opportunity has arisen for a qualified accountant to join a small management team as the person with financial responsibility for two fast-growing technically-orientated manufacturing companies. A Board appointment is envisaged in the medium term.

Only people prepared to work in a small company environment and having the ability to handle rapidly increasing responsibility should apply.

Contact Sue Cliff, 01-236 5244

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A qualified accountant, with management opportunity for the right person, is required by this leading firm of international concert impresarios and music agents. Salary up to £8,500 p.a. Apply in writing with full curriculum vitae to the

Chairman, Harold Holt Ltd.
134 Wigmore Street, London W1

Delegacy of Local Examinations, Oxford

Appointment of Finance Officer

The Delegates invite applications for the post of Finance Officer. It is hoped that the successful candidate will join the Delegacy on 1 March 1980 and take over duties completely on 1 October 1980, on the retirement of the present Finance Officer. The salary will be on the Oxford University II(X) Scale (£6886-£9000, under review for 1 October 1979) at a starting point determined by age, qualifications and experience. The person appointed will be required to belong to the University Superannuation Scheme. Applicants should preferably be not less than 35 years of age.

Further particulars, and forms of application, to be returned by 31 October 1979, may be obtained from the Secretary of Local Examinations, Ewert Place, Summertown, Oxford OX2 7BZ, telephone 54291, extension 29.

£6,000 accountancy appointments £9,000

These advertisements appeared in the Financial Times on Tuesday, 11th September, 1979.

Job Title	Salary	Location	Advertiser
Senior Auditor	£10,000+	Essex	Peat Marwick Mitchell & Co.
Group Accountant	—	City	FT Box No. A.6897
Chartered Accountant	$22,000 Tax Free	Bermuda	IPS Group
Corporate Taxation	c£8,500	C. London	Robert Half
Marketing Analyst	£9,000	South of London	Robert Half
World Travel	£9,000	Rural South	Robert Half
Credit Management	£8,000 + Car	S.E. London	Robert Half
Management Accountant	£8,500	West End	Robert Half
Young Accountant	£7-8,000 + Car	Kingston	FT Box No.A.6879
Financial Accountant	c£9,000 + Car	London	ICFC Training and Management Consultants

These advertisements appeared in the Financial Times on Tuesday, 18th September, 1979.

Job Title	Salary	Location	Advertiser
Chartered Accountant	£8,000	London	SAS
Assistant to Financial Controller	£8,000 + Car	London	Hoggett Bowers
Corporate Taxation	£9,000 + Car	N. London	Robert Half
Chief Accountant	£9,000	C. London	Robert Half
Financial Management	£8,000	C. London	Robert Half
Financial Accountant	£7,500 + Car	West End	Robert Half
Director's Right Hand	£8,000	S. London	Robert Half
YoungAccountants	—	Holborn, London	Prudential Assurance Co.
Accountants	—	—	Josolyne, Layton-Bennett
Financial Accountant	£8,000-£9,000	London	City and Guilds of London Institute
Operational Auditor—Music Industry	c£8,000	West End	R.S.V.P. Rercruitment
Young Audit Manager	c£8-£8,500	London	IPG Personnel Consultants
Financial Accountant	£8,000-£9,000	—	Acorn Executive Recruitment
Chief Accountant	c£9,000 + Car	West Midlands	Charles Barker—Coulthard
Internal Auditor	c£8,000	City, London	Dunlop & Badenoch
Senior Accountancy Posts	£6,500-£9,000	Various	A & A Consultants Ltd.

For the full text of the advertisement please see the Financial Times of that date or telephone Sally Stanley on 01-248 5597.

ART GALLERIES

ANDREW WYLD GALLERY, 3, Cork St., W1 (First floor). PETER DE WINT. Mon.-Fri. 10-6. 437 2741. Till 18 Oct.

FINE ART SOCIETY, 148, New Bond St., W1. 01-629 5116. SUMMER EXHIBITION and WORKS UNDER £500.

FINE ART SOCIETY, 148, New Bond St., W1. 01-629 5116. GLASGOW 1900. Mackintosh and his Contemporaries.

LUMLEY CAZALET, 24, Davies St., W1. 499 5058. 20th CENTURY ORIGINAL PRINTS—Braque, Ernst, Matisse, Moore.

MARLBOROUGH, 6, Albemarle St., W1. Recent Works by AUERBACH, BACON, MOORE. Mon.-Fri. 10-5.30. Sat. 10-12.30. 4-29 Sept.

OMELL GALLERIES, 40, Albemarle St., Piccadilly, W1. New selection of fine modern French paintings including Blanchard, Chetlous, Deschamps, Delin, Crozot, Herve, Jacob, Posset, Robin, etc., and fine modern British marine paintings and watercolours.

OMELL GALLERIES, 22, Bury Street, St. James's, London, SW1. 19th CENTURY ENGLISH and CONTINENTAL OIL PAINTINGS. We currently hold five hundred selected works with prices from £400-£10,000. For further details please telephone 01-839 4274/5.

RICHARD GREEN GALLERY, 4, New Bond Street, W1. 01-499 5487. EXHIBITION OF SIGNED ARTISTS PROOFS BY MUNNINGS, FLINT & DAWSON. Daily 10.00-6.00. Sat. 10.00-12.30.

THE PARKER GALLERY, 2, Albemarle Street, Piccadilly, W1. Exhibition of old Marine, Military and Sporting and Topographical Prints and Paintings and Ships Models.

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EVE has outlived the others because of a policy of fair play and value for money. Supper from 10-3.30 am. Disco and top musicians, glamorous hostesses, exciting floor shows. 189, Regent St. 734 0557.

GARGOYLE, 69, Dean Street, London, W1. NEW STRIPTEASE FLOORSHOW "AS YOU LIKE IT" 11-3.30 am. Shows at Midnight and 1 am. Mon.-Fri. Closed Saturdays. 01-437 6455.

COMPANY NOTICES

117 GROUP FUND S.A.
SOCIETE ANONYME
Registered Office:
Luxembourg, 14, Rue Aldringen
Registre de Commerce B No. 9,216
DIVIDEND ANNOUNCEMENT AND NOTICE TO SHAREHOLDERS

The 117 Group Fund S.A. will pay a 17 cents U.S.A. interim dividend per share on or after 28th September, 1979 to holders on record at close of business on 24th September, 1979.

The dividend is payable to holders of bearer shares against presentation of coupon No. 14 at:

—Banque Generale du Luxembourg, S.A., Luxembourg.

—Midland Bank Limited, International Division, Suffolk House, London EC4 0EU.

Shareholders are advised that the scheme for conversion of the company into a fonds commun de placement was approved at the general meeting held on the 24th September, 1979. Accordingly bearer shareholders who have not already deposited their shares with the above mentioned banks must now do so in order that they may receive units in the new fonds commun de placement.

The Board of Directors.

URQUIJO INTERNATIONAL N.V.
US$30,000,000 FLOATING RATE NOTES DUE 1986

For the six months, September 21, 1979, to March 20, 1980, the notes will carry an interest rate of 13⅜ per annum.

The interest due March 21, 1980, against coupon no. 2 will be US$67.62 and has been computed on the actual number of days elapsed (182) divided by 360.

The Principal Paying Agent
SOCIETE GENERALE ALSACIENNE DE BANQUE
15, Avenue Emile Reuter,
LUXEMBOURG

HARMONY GOLD MINING COMPANY LIMITED
(Incorporated in the Republic of South Africa)
A Member of the Barlow Rand Group

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the twenty-ninth annual general meeting of Harmony Gold Mining Company Limited will be held in the conference room, eleventh floor, 63 Fox Street, Johannesburg, on Friday, 19th October, 1979 at 11h00 for the following business:

1. To receive and consider the audited annual financial statements for the year ended 30th June 1979;
2. To elect directors;
3. To place the unissued shares under the control of the directors.

For the purpose of determining those members entitled to attend and vote at the meeting, the company's register of members will be closed from 13th to 19th October, 1979, both days inclusive.

A member entitled to attend and vote at the meeting may appoint one or more proxies to attend, speak, act and, on a poll, vote in his stead. A proxy need not be a member of the company.

For the convenience of members who are unable to attend the meeting but wish to be represented thereat, a proxy form will be sent on request to either the transfer secretaries in Johannesburg or to the secretaries in the United Kingdom. The attention of members is drawn to the fact that, if it is to be effective, the completed proxy form must reach the company's transfer secretaries in Johannesburg or its United Kingdom registrars and transfer agents, at least forty-eight hours before the time appointed for the holding of the meeting (which period excludes Saturdays, Sundays and public holidays).

By order of the board
RAND MINES, LIMITED,
Secretaries.
Per P. Godwin.

Office of the London Secretaries
Charter Consolidated Limited
40 Holborn Viaduct,
London EC1P 1AJ.
17th September, 1979.

BLYVOORUITZICHT GOLD MINING COMPANY, LIMITED
(Incorporated in the Republic of South Africa)
A Member of the Barlow Rand Group

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the forty-second annual general meeting of Blyvooruitzicht Gold Mining Company, Limited will be held in the conference room, Eleventh Floor, 63 Fox Street, Johannesburg, on Friday, 19th October 1979 at 12h00 for the following business:

1. To receive and consider the audited annual financial statements for the year ended 30th June 1979;
2. To elect directors in place of those retiring in accordance with the provisions of the company's articles of association;
3. To place the unissued shares under the control of the directors.

The register of members of the company will be closed from 13th to 19th October 1979, both days inclusive.

A member entitled to vote at a meeting may appoint one or more proxies to attend and speak and, on a poll, vote in his stead. A proxy need not be a member of the Company.

For the convenience of members who are unable to attend the meeting but wish to be represented thereat, a proxy form will be sent on request to either the transfer secretaries in Johannesburg or to the secretaries in the United Kingdom. The attention of members is drawn to the fact that if it is to be effective, the completed proxy form must reach the company's transfer secretaries in Johannesburg or its United Kingdom registrars and transfer agents, at least forty-eight hours before the time appointed for the holding of the meeting (which period excludes Saturdays, Sundays and public holidays).

By order of the board
RAND MINES, LIMITED
Secretaries.
Per T. A. Cross.

Office of the London Secretaries
Charter Consolidated Limited
40 Holborn Viaduct,
London EC1P 1AJ.
10th September, 1979.

LEGAL NOTICES

THE COMPANIES ACTS 1948 TO 1976
EXPEDITION SUPPLIES LIMITED

NOTICE IS HEREBY GIVEN, pursuant to section 293 of the Companies Act 1948, that a Meeting of the Creditors of the above-named Company will be held at the offices of
UNI-EXPORT TRADING CO. LTD.,
145 Broadway,
London W5,
on Tuesday, the 25th day of September 1979, at 11.45 o'clock in the forenoon, for the purposes mentioned in sections 294 and 295 of the said Act.

Dated this 28th day of August 1979.
By Order of the Board,
E. LISAK, Secretary.

No. 001805 of 1979

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of SOUTHARDS OF LONDON (VINTNERS) LIMITED and in the Matter of the Companies Act 1948.

NOTICE IS HEREBY GIVEN that a Petition for the winding up of the above-named Company by the High Court of Justice was on the 12th day of June 1979 presented to the said Court by SOUTHARD & CO. LIMITED by its Receiver JAMES STEVENS FCCA:

And that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 15th day of October 1979, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing in person or by his Counsel for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

32 Tavistock Street,
Strand,
London WC2E 7PD.

NOTE—Any person who intends to appear on the hearing of the said Petition must serve on or send by post to the above-named, notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm, the name and address of the firm, and must be signed by the person or firm, or his or their solicitor (if any), and must be served or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 12th day of October 1979.

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Nicholas Remington-Hobbs (Stock Exchange)
Rex Winsbury (Fintel)
Stephen Castell (Computer and Systems Telecommunications)

Fintel—jointly owned by the Financial Times and Extel: Mills and Allen, part of Mills and Allen International: both leading Information Providers to Prestel.

Wednesday October 17 1979
Cavendish Conference Centre, London

Bookings (£80 + VAT) to Brigitte Burnett, Seminar Division, Mills and Allen Communications Ltd., Broadwick House, Broadwick Street, London W1V 1FP 01-439 9541.

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The Financial Director
Box G.4586, Financial Times, 10 Cannon Street, EC4P 4BY

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APPOINTMENTS

Main Board post at Thos. W. Ward

Mr. H. Atherton has been appointed a main Board director of THOS. W. WARD. He is managing director of the Skipper Group of motor vehicle dealerships (a wholly-owned trading operation of the Thos. W. Ward group) and recently became a director of Pickford Deighton, a member company.

*

Mr. Peter J. Rex has been appointed deputy managing director of the KALAMAZOO GROUP. He joined the company in 1948 and was appointed to the Board in 1971 and becames sales director in 1977. He will still be responsible for all Kalamazoo's selling activities.

*

Field Marshal Sir Roland Gibbs, has been appointed, with effect from October 1, a regional director of the Salisbury regional Board of LLOYD'S BANK, which sits under the chairmanship of Mr. S. James L. Hill. Field Marshal Sir Roland was formerly Chief of the General Staff and General ADC to the Queen.

*

Mr. S. Michael Peretz, has been appointed a non-executive director of RECKITT AND COLMAN from October 1. He is executive vice-president of the International Federation of Pharmaceutical Manufacturers' Associations.

*

Mr. Ronald East has been appointed non-executive chairman of BERNARD WARDLE AND CO., succeeding Mr. Derek Bootham who has been non-executive chairman since 1971.

*

Following the acquisition of LINDUSTRIES by Hanson Trust, Mr. A. G. L. Alexander, a director, and Mr. R. D. Cowell, business development manger, of Hanson Trust have joined the Board of Lindustries. Colonel B. H. Knox, Mr. D. A. Hunter Johnston, Sir Ian Morrow and Sir Alec Ogilvie have resigned as non-executive directors of Lindustries.

*

Mr. A. K. Herbert has been appointed managing director of MEGGITT ENGINEERING of Bournemouth.

*

The Goodyear Tyre and Rubber Company has appointed Mr. H. J. Wilson as director of general products, GOODYEAR GREAT BRITAIN. He will be based at the company's industrial rubber products factory, Craigavon, Northern Ireland.

*

Mr. Cyril Deeley has been appointed to the Board of BIAS (MANAGEMENT CONSULTANTS), of Adlington, Lancashire. He joins the company from Dobson Park Industries where he was director of group management services.

*

Mr. Michael B. Curlewis has joined the London office of HEIDRICK AND STRUGGLES INC. Previously he was a senior partner in the Coopers and Lybrand partnership in Iran.

*

CARRINGTON VIYELLA knitting division, which comprises Jersey-Kapwood, Gainsborough Fabrics, and Fine Jersey, has made the following appointments: Mr. G. E. Charles becomes divisional manufacturing director, while remaining deputy managing director of Gainsborough Fabrics. Mr. M. S. Kowalski joins the Board of Jersey-Kapwood with full responsibility for product research and development, and Mr. D. E. Clarke is appointed marketing director of Gainsborough Fabrics.

*

Mr. Brian B. Pugh, a director of Hill Samuel Company, has joined the Board of ANCHOR CHEMICAL COMPANY as a non-executive director and has been appointed deputy chairman.

*

Mr. James Graham has been appointed director of sales for COLUMBIA PICTURES TELEVISION for the UK regions, Holland, Gibraltar, Malta, Pakistan, India, Sri Lanka, Africa and South Africa. He takes up his position on October 1 and will be based in London.

*

Mr. Jalil Shoraka, chairman of IRAN OVERSEAS INVESTMENT BANK, has taken over the additional position of managing director. He succeeds Mr. D. M. Oskoui, who leaves the Bank on completion of his contract. Mr. Shoraka was until this appointment president of Bank Melli Iran.

*

Mr. H. Reed has been appointed BRITISH RAIL divisional manager (London), London Midland Region in succession to the late Mr. Paul Pearman.

*

AMERICAN EXPRESS has appointed Mr. Charles P. Gilson as vice president to head the company's office in Moscow and to represent all divisions there. He expects to reside in Moscow for the next three years.

*

Mr. Peter Johnson will become managing director of BROOKE BOND OXO on October 1. He succeeds Mr. Barrie Brighouse who has joined the main Board of the parent company Brooke Bond Liebig. Mr. Brighouse will continue to be associated with Brooke Bond Oxo as non-executive chairman.

*

Mr. Stephen Grantham has been appointed secretary of Throgmorton Trust, New Throgmorton Trust, and Throgmorton Secured Growth Trust.

*

Mr. Marcus Smith, at present general manager of the passenger vehicle division of Leyland Vehicles, is to become LONDON TRANSPORT'S engineering director (buses) and is expected to take up his new post in November. As engineering director, Mr. Smith will become a member of the management Board for London's bus services, headed by Dr. David Quarmby, managing director (buses).

*

Mr. Ian Macpherson is to join BERNDTSON INTERNATIONAL as a partner on October 1. He is at present assistant to the vice-chairman (manpower) of Price Waterhouse International.

*

Mr. Frank Gillman has been appointed marketing director of BELL PRODUCTS, of Harpenden, Herts., from October 15.

*

Mr. Bob Taylor has been appointed a director of ALCAN WINDOWS and becomes general manager of the newly-formed systems division.

*

Mr. David Lacey has been appointed general manager for the stationery and packaging group of the CO-OPERATIVE WHOLESALE SOCIETY from October 1.

*

Mr. Keith Morris has been appointed head of group personnel at WILLIAMS LEA GROUP.

*

Mr. S. Woodward has been appointed a director of WILLIS FABER AND DUMAS.

*

Prof. J. H. Horlock has been appointed chairman of the AERONAUTICAL RESEARCH COUNCIL from October 1. He succeeeds Prof. P. R. Owens, who has been chairman for over eight years and continues as a member.

*

The Council of the OXFORD CENTRE FOR MANAGEMENT STUDIES has appointed Mr. Uwe Kitzinger as director of the Centre in succession to Mr. Bob Tricker. Mr. Kitzinger will take up his appointment in the autumn of 1980, when he will have completed four years as Dean of the European Institute of Business Administration, INSEAD, at Fontainebleau.

*

Mr. A. J. Adams has been appointed a director of PEACHEY PROPERTY CORPORATION.

Mr. W. J. Vale has been appointed director of sales of the INTERNATIONAL CHEMICAL COMPANY.

*

Mr. Nick Sinclair has been appointed financial director of TENNANT TRADING (METALS). The company is a ring dealing member of the London Metal Exchange and a member of the Consolidated Gold Fields Group.

*

Four construction companies within the Trafalgar House UK building division have been brought together under a new holding company to be known as the WILLETT GROUP LIMITED. The companies are Willett, Bridge Walker, Simms Sons and Cooke Northern) and Jno Croad of Portsmouth. Board members of the Willett Grup are Mr. Peter Howell (chairman) a director of Trafalgar House; Mr. Barry Myers (managing director) formerly managing director of Willett Limited; Mr. Mike Allen, managing director of Willett Limited and Simms Sons and Cooke (Northern); Mr. Peter Bezzant, managing director of Jno Croad; and Mr. Maurice Porter, managing director of Bridge Walker and Mr. Ted Morgan, who joins the Board from another part of the division to become marketing director. Each of the four operating companies will continue to function separately on contracts throughout the country.

*

Mr. David Murray has been appointed an executive director of PRODUCE STUDIES, of Newbury, Berkshire.

*

Mr. Steven L. Yurman has been elected to the newly-created position of vice president — business development — for AMAX CORPORATION.

هكذا من الأصل

THE MANAGEMENT PAGE

How a Swedish multinational mastered the electronics revolution

Christopher Lorenz on the way L. M. Ericsson persuaded management and shop floor to accept radical change

THERE ARE too many theories, and far too few facts, about the impending impact of electronics on people's jobs—both managers and workers on the shop floor. Only in the United States is there widespread practical experience in the wholesale conversion of traditional product lines and of people's skills. So concrete European cases of the successful management of this radical change have a distinct rarity value.

One of the most dramatic and instructive for companies in a wide range of sectors has just been revealed for the first time by L. M. Ericsson, the Swedish engineering multinational. By dint of courageous innovations, not only in technology, but also in the way change is managed within the organisation, it has turned itself from laggard to leader in one of the most competitive high technology businesses in the world, the making of computerised telephone exchanges. Its lead has been confirmed over the past week in Geneva at the international telecommunications industry's foremost exhibition "Telecom 79."

The first chapter of this success story was told on this page in June 1977, just as demand for Ericsson's new system—code-named AXE—was beginning to take off ("Swedish lessons in product design," June 3).

Since then, the market has exploded beyond the manufacturer's wildest dreams; in other words, its forecasts were wildly wrong. Though a welcome error, this has added a difficult new dimension to the already daunting problems involved in getting the new system from the laboratory into full-scale production without over-straining the company's resources—a classic management minefield for any engineering group. Chapter two, which covers the production build-up—what Ericsson calls the "Industrialisation" project—consists of two basic elements, outlined in separate articles today and tomorrow:

1—How to infuse both management and the shop floor with new attitudes, techniques and procedures. Ericsson's strategy has been extremely unusual. It has used only a tiny project team and has invested in the considerable time and effort needed to persuade existing line managers to act as the key agents of change, rather than as opponents of it, as so often happens in industry.

As a result of this, and the rigorous new procedures developed by line management, the new design was taken into full production far more rapidly than had been thought possible and than it would have taken under the old system. The time between receipt of order and delivery has also been cut dramatically.

Without this approach, the company would have been unable to satisfy the flood of demand from Saudi Arabia, Australia, Brazil and elsewhere, and its lead over the competition could have been rapidly whittled away.

2—The shop-floor impact of the shift to electronic products. While the size of Ericsson's white collar labour force has been maintained, the number of production workers has been cut by a third in less than four years, to just over 10,000. This is partly the result of the 1975-76 market recession, but the underlying reason is that the value-added in making telephone exchanges—Ericsson's most important product—has slumped by almost 30 per cent, as the proportion of bought-in components has soared.

This is only the tip of an iceberg, in that the process still has further to go, as new generations of electronic designs supersede each other in quick succession. Moreover, most of the surviving employees have had to be retrained, and intense social and political pressures have restricted the company's ability to arrange the new pattern of production in the most logical way. Yet in spite of al lthis Ericsson's head of electronics production says the transition has been far less difficult than he expected.

Which is just as well, considering that Chapter Three of the AXE story has only just opened. Neither electronics technology nor Ericsson's product range is standing still, and the AXE family of designs will undergo considerable changes in the next three years—including a further decline in the number of people needed to make them.

AS THE Swedish nights began to lengthen in autumn 1977, Stig Larsson knew he was one of the most unpopular men in Stockholm. It was his job, at the head of a team of only five, to persuade hundreds of Ericsson department chiefs to abandon their traditional working procedures and practices, and co-operate in formulating new and much more rigorous ones. He had only a couple of months to gain their support, and a total of only eight months to get them to translate goodwill and goals into concrete achievements.

But Larsson and his team succeeded, thereby scoring a major coup for the cause of consultation. That they were able dramatically to improve the traditional way of managing complex technical change in a large organisation was thanks to a combination of key attitudes and actions, which other companies would do well to emulate.

● That Larsson's particular project was initiated, and strongly supported, by the company's top management.

● That Larsson and his team were prepared to spend hours with line managers debating the best course of action on almost every point, even though they had the power and authority to command immediate action.

● Underlying these actions was the famous "primacy of the product" which characterises most of Swedish industry. Unlike most executives in Anglo-Saxon companies, everyone at Ericsson—from the top down—is motivated more by the quality and success of its products than by his salary and status in the managerial heirarchy.

Larsson's team was also helped by the mind-concentrating circumstances in which the company found itself at the time—circumstances of which every employee was only too aware. Not only had Ericsson fallen badly behind the competition, making the successful production of new equipment an urgent necessity, but the telecommunications market had been in recession for the past two years, and employment had been falling fast.

Added to which, as the autumn wore on, it became increasingly evident to even the most junior manager, that if the company was to take advantage of the recession's imminent end, it was no good relying on traditional product designs:

The new AXE equipment would have to go into production more rapidly than originally planned if it were to be certain of success. And since the AXE equipment contained more electronic hardware and computer software than any of Ericsson's previous products, it was obvious that many procedures would have to be changed: in ordering, production, testing and even basic documentation.

New approach

The story of the company's new approach to what it calls "industrialisation" (taking new products from the laboratory through large-scale manufacture into the customer's premises) is taken up by Hakan Ledin, Larsson's boss, and one of the "Young Turks" at the very top of Ericsson's senior management. At 42, he is the same generation as the company's new Executive President, with whom he has worked closely since they were at engineering college together.

"We had had plenty of experience in the past of the problems of introducing new technology. One of the main difficulties was the lack of understanding between design and manufacture, where the designers didn't realise the implications of what they considered a minor change. Design modifications just came pouring into the production side, creating all sorts of scope for mistakes, delay and extra cost."

This is a problem which regularly plagues the vast majority of engineering companies. Yet how many of them count the cost, as Ledin does? "If you can cut the 'industrialisation' period on something like AXE, taking it into production and out to the customer just a month earlier so its period of 'idleness' is reduced, you can save SKr 500m ($120m)."

This is only one example of the much-improved work flow Ledin had in mind when he appointed Stig Larsson to take on the onerous task of what amounted to a complete review and revision of Ericsson's "industrialisation" process.

Just as ambitious as the review project's targets for saving time and cost in engineering and production was its own timescale and the way it was organised.

The traditional approach would have been to appoint an internal consultancy team of 20 or 30 members, with the task of reviewing and revising procedures in considerable detail before thrusting them on to the line organisation, and probably replacing line managers who resisted the change.

Not surprisingly, as Larsson says, this type of programme causes considerable conflict between the project leaders and the line organisation.

So he chose a radically different line of attack: to have a much smaller team of Ericsson staff, whose main job would be to co-ordinate, rather than control, the decisions of the line managers. In other words, to quote an internal company document, all decisions would be "rooted in the line organisation," so that once the review-and-revision project was complete, its results could be put into practice in a relatively short time.

This, says Ericsson, more than offset the extra time taken by the "rather unwieldy" process of consultation over each of the project's 85 sub-programmes, and their relationship to each other.

As with any study of management structure and procedures, the analysis of "needs," with which the review began, threw up many unexpected shortcomings in current practice. Ledin cites two example: first, the discovery that it was taking as long as three months just to alter the documentation for part of a design. And second, the fact that different parts of the organisation had developed 40 different software systems, which had to be interrelated. "It was just a mess," he says.

Solution

Less of a surprise was that the company was taking too long on the "redesign" of new products before they went into full-scale production: other companies call this phase "development," or "post-design engineering." In the past, Larsson says that Ericsson designers would take their revised drawings almost at will to the production team, without any intermediary deciding whether it was worth making the change.

The solution was to impose strict limitations on the ability of designers to display such disruptive last-minute power, a particularly strong temptation in the fast moving world of electronics, where new types of components become available almost every week.

Production of the most complex and costly part of the AXE system, its processor (or computer), was handled in clearly defined stages, almost like the motor industry's "annual model" system, so that changes were made only at regular and controlled intervals.

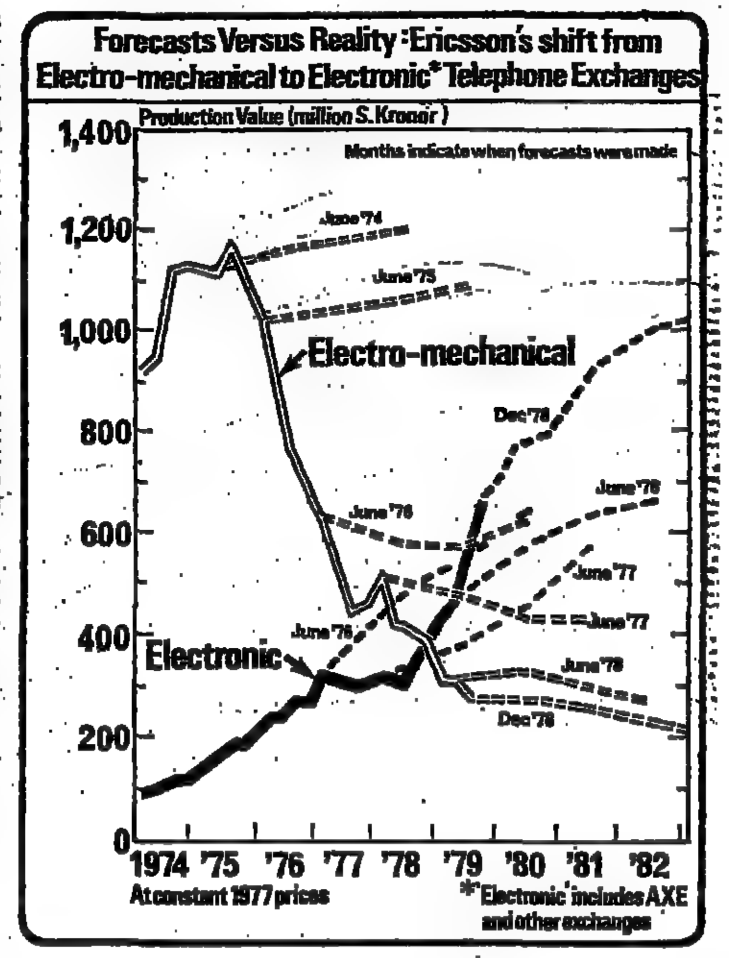
Overriding the whole process was the rule that every post-design change throughout the AXE system had to be approved by Larsson himself—yet another opportunity for unpopularity on his part.

In June, 1978, after only eight months of the review and revision process, Ericsson had for the first time a complete "industrialisation system," with every procedure and piece of documentation recorded in its $100m Stockholm computer centre.

Stig Larsson estimates that the process would have taken well over twice as long to complete under a traditional project management system, and that even then there would have been inadequate coordination between many of its parts.

Since the new procedures it produced achieved considerable savings in the laboratory-to-production-to-customer cycle, the industrialisation project saved time twice over—a crucial gain in the highly competitive world telecommunications market.

The new system has considerably eased the build-up of production in one Swedish factory after another, and will play a key part in the expansion of AXE manufacture round the globe—the controversial subject of "technology transfer" to customer countries.



Nowhere have the new systems benefits been more evident than with Ericsson's $500m share of the prestige Saudi Arabian contract which it won in partnership with Philips in December 1977. This required the Swedish company's first batch of exchanges to be operational in only 12 months—little more than half the time the company had originally planned for, which was itself a considerable improvement on traditional timescales.

"I don't think many people thought we could deliver in that time," says Ledin. But Ericsson did—not least, because, in Ledin's words, "the Saudi order gave a kick to the industrialisation programme." He stresses that the company has not indulged in the time-honoured practice of getting the first delivery in on time, to the detriment of later consignments.

Stig Larsson tends more towards understatement. "The Saudi order was very helpful. It concentrated the mind, and suddenly made it easier to get things done."

It certainly proved one of the chief factors in helping gear up the organisation for an explosion in demand and production. Before the Saudi order arrived Ericsson had been expecting to increase its production of electronic exchanges by only a modest—and manageable—third between late 1977 and the end of this year.

In the event, in response to a flood of orders from all over the world, not only Saudi Arabia, it will have more than doubled its output of all types of electronic products. The production of AXE equipment, in particular has gone up five fold since late 1977. Needless to say all this is to the delight of Stig Larsson, who has more than regained his popularity.

BUSINESS PROBLEMS
BY OUR LEGAL STAFF

Auditor's remuneration

A usual resolution at a company's AGM is to authorise the directors to fix the remuneration of the auditors for the forthcoming year. In view of the importance of the auditors to the shareholders, would it not be wise to allow the directors to fix the fee provisionally and for this to be subject to a confirming or amending resolution at the next AGM? Would this then allow the shareholders to question the auditors in some detail about their work and difficulties experienced?

While your suggestion might be attractive in theory, we think that it will not operate in practice, as auditors would not normally accept a retainer on the provisional basis which your suggestion entails. It would seem that a resolution to appoint different auditors, of which special notice must be given—see Section 160 (1) of the Companies Act 1948—is likely to prove the more practical method of procuring a full statement from the existing auditors, if they have been reticent.

Subsidiaries accounts

I hold over a third of the shares in a holding company, but I only receive the consolidated profit and loss account. Am I not entitled to see the accounts of the subsidiaries?

If you are not a director or shareholder (directly) of the subsidiary you are not entitled to see its accounts except that as a member of the public you can make a search at Companies House.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

LOMBARD

A plan for de-merging

BY GEOFFREY OWEN

THE RECENT Monopolies Commission report on the proposed GEC/Averys merger raises a number of doubts about the way competition policy has developed in the UK and about the role of the Commission in implementing it. It is not that the decision to clear this particular merger is necessarily wrong. Averys' arguments for staying independent are not totally convincing and there is a fair chance that GEC will make better use of the assets. The question is whether the issues which the Commission has to take a view about in assessing mergers of this kind are appropriate for a body supposedly concerned with competition.

Second-Guess

GEC thinks the take-over of Averys makes good business sense. Why should a panel of government-appointed investigators be expected to second-guess the commercial judgment of Sir Arnold Weinstock and his colleagues? It would be different if GEC, like Averys, was in the weighing machine business. Then there would be a reduction in competition, a subject on which the Commission has a great deal of experience. In conglomerate mergers, of which GEC/Averys is an example, the Commission is floundering about with no clear guidelines to follow.

It is not entirely the Commission's fault. Economists disagree about whether conglomerate mergers are good or bad; there is no solid framework within which the economic gains and losses can be examined. The investigators have to guess how a particular management team will cope with a particular set of business problems.

Should the authorities be worried about conglomerate mergers at all? One school of thought argues that if such mergers are ill-judged, the participants will pay the penalty in the market: that is how the capitalist system works. Others believe that conglomerate take-overs should be restricted, because they tend to increase aggregate concentration in the economy, putting too much power in the hands of a few, very large companies.

When Senator Edward Kennedy introduced his Small Business Protection Act earlier this year he referred to the dictum of Judge Learned Hand in the Alcoa case, that the U.S. anti-trust laws "are rooted in the belief that great industrial consolidations are inherently undesirable regardless of their economic results." Senator Kennedy is concerned about the impact of mergers on "the social and political fabric of a nation committed to pluralism and individual freedom of choice." He warned about the political power of large corporations and pointed out that "distant economic managers may lack the necessary commitment to the growth and prosperity of a particular community." His Bill would bar large-scale conglomerate mergers unless the proponents could demonstrate substantial offsetting benefits.

The same social and political factors were stressed by the Federal Trade Commission in its suggestions for new legislation. (The FTC has tried to attack conglomerate mergers under existing anti-trust laws, but with little success.) But the FTC's Bill would not require companies to prove, and government agencies to decide, the economic soundness of a particular transaction. Acquiring firms above a certain size would have to divest (by sale, spin-off to shareholders or other means) a business entity or entities comparable in value to what they planned to acquire. Described as a "cap and spin-off" proposal, it would allow large companies to go on making acquisitions but would prevent any further increase in concentration.

Spin-offs by large companies "would introduce a group of new, smaller firms into the economy and thus increase the diversity of decision-making power."

Protection

For the UK it would be a big step to introduce into competition policy a form of protection, based on non-economic grounds, for small and medium-sized companies. Some economists think that fears about industrial concentration have been exaggerated. Nevertheless, the idea of swapping a divestiture for an acquisition does have attractions. At least the Government should be considering how to encourage large companies to hive off subsidiaries which would be better off under their own management.

Putting the fizz into small brand bubbly

WINE

BY EDMUND PENNING-ROWSELL

IT MAY, of course, be a case of throwing champagne on troubled waters, but under current economic conditions it is surely surprising that in the first six months of this year a record of over 5m bottles left the chalk cellars of the Marne for Britain.

This not only restores us to our traditional position as the leading importer and, in spite of the minor machinations of the parallel market re-exporters, no doubt the biggest consumer of champagne, but if this level continues during the second half we shall surpass the 10m bottle peak of despatches from Champagne in 1973. (It is perhaps a little unkind to mention that this record immediately preceded that last big lurch in our economy, and two years later our importers were down to a mere 3m bottles.)

Concentration

Whether this new record is the result of political euphoria in some quarters, pessimistic economic predictions in others, or just fear of further price increases in the pipeline are not matters for discussing here. Yet it appears probable that more champagne is currently being drunk in Britain than at any time in our history.

Moreover, what is curious is the continued concentration of sales among a proportion of the leading houses known as the *grandes marques*, which dominate the champagne market.

Here it is led by Moet and Chandon, with just over one-third of the business. Of the balance, last year only eight of the well known names exported more than 100,000 bottles here, and together they accounted for practically a further third. Yet no fewer than 118 champagne firms sent their wines here last year, with some of those generally accepted as being among the best making a smaller contribution to the total than would be expected.

Nevertheless, while it is certainly true that among the *grandes marques* are some of the best champagnes, for my taste not all of these make the best champagnes, and there are other *maisons* who produce blends at least equally as good as many of the better known brands; but owing to the severe competition of the bigger houses, or lack of resources in an industry where they take much capital and many years to build up, these smaller firms have not established their names as their quality often deserves.

Two such firms, very different in character, I went to see at my request on my last visit to Champagne.

The first of these at Le Mesnil on the Côtes des Blancs was Salon. By Champagne standards quite a young firm, it was started in the month the First World War broke out in 1914. Then and for many years afterwards the growers sold all their crops to the firms, who alone made champagne and only from the traditional blend of black and white grapes.

M. Salon, however, experimented with champagne produced exclusively from white *grapes*, and after the war marketed it—the first commercially produced *blanc de blancs*. Later the inability of the growers to sell their wines in the world slump impelled him to continue.

For 1928 the vignerons were paid 11 francs a kilo; in 1934 50 centimes. The normal sale of Salon in the inter-war years was 20 to 25 thousand bottles a year; in 1976 it was 200,000, small for a champagne house. Direct sale to private customers in France accounts for 40 per cent, and 30 per cent is exported; the English agent is Colin Fenton, 5 St-Peter's Wharf, London, W.6.

The 1959 I tasted in the very traditional cellars had been disgorged immediately beforehand, and was surprisingly pale, slightly old on nose and palate, as might be expected at this age, and firm. Made only from the pressing of Le Mesnil-grown grapes and sold only as a vintage champagne, it is naturally expensive: at Harrods, for example, £13.85 a bottle for the '71. But for those addicted to *blanc de blancs* this might be worth an extra detour to the bank; and it might be differently priced elsewhere.

Right at the other end of the scale and of the Champagne area is Joseph Perrier at Chalons-sur-Marne, once a considerable champagne house centre; but now Perrier, founded in 1825, is the only one of size. It owns 22 hectares of vineyards and produces about 600,000 bottles a year, with a 40 per cent export figure. I found both its 1969 vintage and its non-vintage agreeably fruity, fresh wines, obviously made with great care, and the latter superior to many of the *grandes marques* N.Vs. It can be bought round the country at about £6.67, including VAT; worth looking out for.

Although I cannot claim acquaintance with any but a tiny fraction of the 140-odd champagne houses, there are several others of this kind for which I have a particular respect, including Ayala, Deutz and Geldermann, Alfred Gratien, Henriot, Philiponnat and St. Marceaux. All are available in Britain, and owing to competition from the big houses they can usually show a price advantage.

There are other than the common types of champagnes produced by the *grandes marques*, but owing to the small quantities available, they are scarcely promoted. One of these is Crémant ("creaming"), which has less "fizz" because less yeast is used for the second fermentation in bottle. Lighter, therefore, it makes a particularly attractive aperitif champagne. It is seldom exported, for its life is likely to be shorter than for the traditional blend, and after a while "on the shelf" it might lose some of its *mousse*. However Mumm now sell one here, retailing at around £8.50, and for my taste it is lighter, more elegant than their Cordon Rouge.

Having already mentioned one *blanc de blancs* from a small producer, I can refer also to one from *a grand marque*, but also not widely known here. This is Pol Roger's Chardonnay. Their '71 has a lovely aroma, and is crisp and elegant. The average retail price of around £11.25 may be explained by the fact that the grapes for true *blancs de blancs* from the Côtes des Blancs are among the most highly priced in Champagne, and if a vintage wine it probably takes longer to mature. For example, the vintage for Pol Roger's normal blend is now 1973.

Another rarity is champagne *rosé*—undeniably the prettiest of all. Most houses make a little but seldom publicise it. In theory it is made from black grapes, with the must left briefly on the skins during fermentation, as with *vin rosé*. This, however, is a very tricky operation, and nowadays a little red wine of the district usually is blended in with the still white before the wine is bottled for the second fermentation.

I must admit that on the rare occasions when I drink it, I sometimes ask myself whether, were I blindfolded, I would know it not to be a white wine. In fact it is usually rather fuller though not heavier in flavour. I know of two examples marketed in this country—Pommery non-vintage at around £9 and Pol Roger 1971 at £10.50 (prices being approximate as with the other champagnes mentioned).

Pink champagne, as it is usually called in this country—less attractively to my mind than champagne *rosé*—is an engaging wine for a special occasion. Although traditionally said to be associated with chorus girls' slippers, the former are now much rarer than they used to be, and the latter are collectors' items. In any case I much prefer to drink it from the tall flutes which so charmingly display the colour and the rising bubbles.

Annabella can make amends

RACING

BY DARE WIGAN

SEVERAL HORSES which appeared leniently weighted in nursery handcaps this autumn have disappointed their supporters, one being Annabella, an attractive filly by Habitat, whom Harry Wragg trains for Mr. "Budgie" Moller. After an initial outing at Newbury towards the end of July, Annabella comfortably won a maiden race at Newmarket three weeks later, and many, including me, thought she had an outstanding chance with 8st 2 lbs in a nursery at Kempton on September 8.

But having been backed down from 9-4 to 6-4, she lost by a neck and a short head in a driving finish to Bold Image and Amend.

I suspect that Bold Image is decidedly useful, and I shall be disappointed if Annabella, with only 8st to carry and Willie Carson riding, does not win the Walton Nursery Handicap at Lingfield today.

Annabella is one of several fancied rides for Carson at Lingfield today. Rosia Bay, whom William Hastings-Bass trains for Lord Derby, did so well first time out when finishing close-up fourth behind Salluzzo at Newmarket on August 24 that, allowing for normal improvement, she will require a lot of beating in the Burr Stakes.

Valour had no chance with the weights when finishing 10 lengths behind Bolide at Sandown the other day. When one considers that he finished only a neck behind Camden Town at level weights, he should be capable of winning today, for Camden Town would be long odds-on to win here with 9 st.

Hastings-Bass, in addition to saddling Rosia Bay at Lingfield, has sent Engagement Ring and Our Mother to Hamilton where I think they will win the Avondale Stakes and the Strathclyde Stakes respectively. Our Mother won well at Chester last month from an unfavourable position in the draw, and Engagement Ring performed creditably when apparently unfancied at Salisbury a fortnight ago.

Although Luca Cumani is honeymooning in Sardinia, winners are likely to continue to flow from his Newmarket stable, and one of them may be Funny Spring in the Nanpantan Handicap at Leicester.

LINGFIELD
3.30—Rosia Bay**
4.00—Valour
5.00—Annabella***

HAMILTON
2.15—Engagement Ring
3.45—Our Mother

LEICESTER
4.15—Funny Spring*

TV/Radio

BBC 1

† Indicates programme in black and white

6.40-7.55 am Open University (Ultra high frequency only). 9.35 For Schools, Colleges. 12.45 pm News. 1.00 Pebble Mill at One. 1.45 Ragtime. 2.00 You and Me. 2.14 For Schools, Colleges. 3.25 Pawb yn ei fro. 3.53 Regional News for England (except London). 3.55 Play School (as BBC-2 11.00 am). †4.20 Champion The Wonder Horse. 4.45 Buford Files and Dinky Dog. 5.05 John Craven's Newsround. 5.15 Stopwatch.

5.40 News.
5.55 Nationwide (London and South East only).
6.20 Nationwide.
6.45 Rolf Harris's Cartoon Time (London and South East only).
7.15 It's a Knockout.
8.30 Last of the Summer Wine.
9.00 News.
9.25 Prince Regent.
10.20 The Bear Next Door.
10.50 Question Time.
11.50 News Headlines, Regional News.

All Regions as BBC-1 except at the following times:—

Scotland—10.38-10.58 and 11.38-11.58 am For Schools. 5.55-6.20 pm Reporting Scotland. 6.45-7.15 Rolf Harris's Cartoon Time (as London and South East). 10.50 "It's Great To See" (the story of Marie Queen, born blind, who later gained her sight). 11.25 News and Weather for Scotland.

Wales—10.38-10.58 am I Ysgolion. 4.45 Crystal Tipps and Alistair. 4.50-5.05 Pier Maseteg. 5.55-6.20 Wales Today. 6.45 Heddiw. 7.10 Ken y Kenya, with Ken Williams. 7.40-8.20 Bonanza. 11.50 News Headlines, News and Weather for Wales.

Northern Ireland—3.53-3.55 pm Northern Ireland News. 5.55-6.20 Scene Around - Six. 6.45-7.15 Hello Sunshine. 11.50 News Headlines, News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth). 6.45-7.15 East (Norwich) No Loud Talking After Eleven... Britain's holiday camps; Midlands (Birmingham) Know Your Place; North (Leeds) What Am I Bid? North East (Newcastle) North at War; North West (Manchester) North West At War; South (Southampton) Out To Win; South West (Plymouth) In Praise Of Cider; West (Bristol) The Rectangular Picture Machine.

BBC 2

6.40-7.55 am Open University.
11.00 Play School.
4.50 pm Open University.
6.55 Mid-Evening News.
†7.05 The Ealing Comedy: "Whisky Galore," starring Basil Radford and Joan Greenwood.
8.25 Jacqueline Du Pré Masterclass.
9.00 Rhoda.
9.25 Man Alive: The Police We Deserve?
10.15 Rugby League Special.
10.45 The Old Grey Whistle Test.
11.20 Late News on 2.
11.35 Closedown reading.

CHANNEL

Channel is the only IBA company transmitting programmes during the present industrial dispute. Details of this local service are given below.

1.20-1.30 pm Channel Lunchtime News and What's On Where. 5.00 Puffin's Birthday Greetings. 5.05 Clue Club. 5.30 Lost Islands. 6.00 Report at Six Extra. 7.00 Asia Notebook—A Gem called Sri Lanka. 7.25 Project U.F.O. 8.20 Feature Film: "Terror on the 40th Floor." 10.00 Channel News. 10.05 Emergency. 11.00 News in French.

Radio Wavelengths			
1	1053kHz/285m 1089kHz/275m	3	1215kHz/247m & 90-92.5vhf stereo
2	693kHz/433m 909kHz/330m & 88-91vhf stereo	4	200kHz/1500m & 92-95vhf

BBC Radio London: 1458kHz, 206m & 94.9vhf
Capital Radio: 1548kHz, 194m & 95.8vhf
London Broadcasting: 1151kHz, 261m & 97.3vhf

RADIO 1

(S) Stereophonic broadcast ‡Medium Wave

5.00 am As Radio 2. 6.00 Dave Lee Travis. 9.00 Simon Bates. 11.31 Paul Burnett. 2.00 pm Andy Peebles. 4.31 Kid Jensen. 7.00 Personal Call. 8.00 Mike Read. 9.50 Newsbeat. 10.00 John Peel (S). 12.00-5.00 am As Radio 2.

VHF Radios 1 and 2—5.00 am With Radio 2. 8.02 pm Nordring Rendezvous from Holland (S). 9.02 Among Your Souvenirs (S). 9.55 Sports Desk. 10.00 With Radio 1. 12.00-5.00 am With Radio 2.

RADIO 2

5.00 am News Summary. 5.03 Tony Brandon (S). 7.32 Terry Wogan (S). 10.03 Jimmy Young (S). 12.15 pm Waggoners' Walk. 12.30 Pete Murray's Open House (S). 2.15 David Hamilton (S). 4.15 Much More Music (S). 5.00 News. 5.05 Waggoners' Walk. 5.20 John Dunn (S). 6.45 Sports Desk. 7.02 Brian Fahey and the BBC Scottish Radio Orchestra (S). 7.30 Folk 79 (S). 8.02 Sport on 2 Special: Boxing and Football. 10.30 Laughter in the Air. 11.30 Brian Matthew with Round Midnight, including 12.00 News. 2.02-5.00 am You and the Night and the Music with Liz Allen (S).

RADIO 3

‡6.55 am Weather. 7.00 News. 7.05 Overture, Concert, part 1 (S). 8.00 News. 8.05 Concert, part 2. 9.00 News. 9.05 This Week's Composer: Rubbra (S). 9.55 Grizedale Piano Festival 1979 Recital, part 1 (S). 10.40 Interval Reading. 10.45 Recital, part 2. 11.45 Grimethorpe Colliery Band (S). 12.10 pm Russian Orchestral Music part 1: by Scriabin (S). 1.00 News. 1.05 Six Continents. 1.20 Russian Orchestral Music part 2: Stravinsky, Boris Tchaikovsky (S). 2.00 Rossini: Petite Messe Solennelle (S). 3.35 Austrian Violin Music (S). 4.05 Bridge, Ireland and Scott (S). 4.55 Jazz Today (S). 5.25 Homeward Bound (S) including 5.45-5.50 News (‡ and mono only from 5.45). ‡6.15 At Home. 7.10 Bartok String Quartet (S). 8.00 Solti and Pollini, part 1: Elgar, Mozart (S). 9.05 Medium and Message: "A Seamless Robe" by Charles Curran (review). 9.25 Solti and Pollini, part 2: Stravinsky (S). 10.10 Icon or Symbol? (talk by Jonathan Raban). 10.30 The Enchanted Flute (S). 11.10 Busoni and Beyond (S). 11.55-12.00 News.

VHF Only—6.00-7.00 am and 5.45-7.10 pm Open University.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping forecast. 6.30 Today, including 6.45 Prayer for the Day. 7.00, 8.00 Today's News. 7.30, 8.30 News Headlines. 7.45 Thought for the Day. 8.45 Diary of a Somebody. 9.00 News. 9.05 Tuesday Call. 10.00 News. 10.05 Local Time. 10.30 Daily Service. 10.45 Morning Story. 11.00 Thirty-Minute Theatre. 11.30 Letter from a Traveller (talk by Tim Sebastian). 11.45 Listen with Mother. 12.0 News. 12.02 pm You and Yours. 12.20 Desert Island Discs. 12.55 Weather; programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping forecast. 2.00 News. 2.02 Women's Hour. 3.00 News. 3.05 A Small Country Living. 3.35 The Bostonians. 4.30 Announcements. 4.35 Story Time. 5.00 PM: News magazine. 5.50 Shipping forecast. 5.55 Weather; programme news. 6.00 News. 6.30 Many a Slip (S). 7.00 News. 7.05 The Archers. 7.20 Forty Years On. 8.05 Something Appealing, Something Appalling. 8.45 Machines with Mouths. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 Joyce Grenfell with records (S). 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Come to the Cabaret. 12.00 News.

BBC Radio London

5.00 a.m. As Radio 2. 6.30 Rush Hour. 10.03 The Robbie Vincent Telephone Programme. 1.03 p.m. London Live. 3.03 Paul Owens' Showcase. 4.30 London News Desk. 5.35 Look, Stop, Listen. 7.03 Black Londoners. 8.00 Turn Up the Volume: "Julius Caesar." 9.00-5.00 am Join Radio 2.

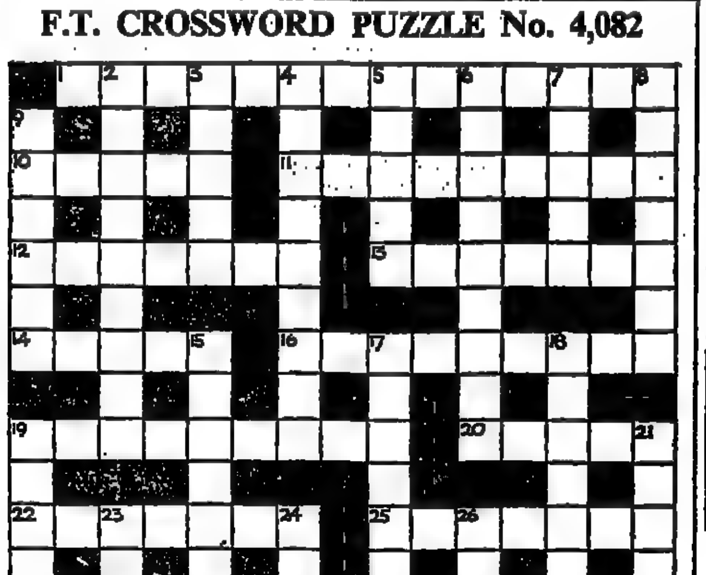
London Broadcasting

6.00 AM with Bob Holness and Doug Cameron. 10.00 The Brian Hayes Show. 1.00 pm LBC Reports with Max Miller and Alan Clark. 3.00 George Gale's 3 o'Clock Call. 4.00 LBC Reports with Paul Ingrams and Alan Clark. 8.00 After Eight with Alan King. 9.00 Nightline with Jenny Lacey. 12.00 LBC Reports Midnight. 1.00am Night Extra with Tara Jefferies. 4.00 The London File. 5.00 Morning Music.

Capital Radio

6.00 am Breakfast Show with Mike Smith (S). 9.00 am Michael Aspel (S). 12.00 Dave Cash (S). 3.00 pm Roger Scott (S). 7.00 London Today (S). 7.30 Open Line with Ric Davis (S). 9.00 Nicky Horne's Your Mother Wouldn't Like It (S). 11.00 Tony Myatt's Late Show (S). 2.00 am Duncan Johnson's Night Flight (S).

F.T. CROSSWORD PUZZLE No. 4,082



ACROSS

1 Eric's alternative could be piecemeal (6, 2, 6)
10 Mature Religious Instruction to write (5)
11 Voter chooses to admit engineers (9)
12 Pelt the ringleader in addition (7)
13 Called in river to make insane (7)
14 Compel payment for former performance (5)
16 Plant taking most favourable measure (9)
19 Denigrator of French tower (9)
20 Tie up a bundle (5)
22 Great ship! "The Bounty"? (7)
25 Nicked, though not by honoured companion and editor (7)
27 Even bets arranged to produce one's utmost (5, 4)
28 Fuel left inside fold (5)
29 Complete three-figure number for each coin (7-3-4)

DOWN

2 Bring into the country a hook that's momentous (9)
3 Fish in rotten channel (5)
4 Narrowly observe brilliant little plant (9)
5 Give out and give in (5)
6 Cut across and bury a class of people (9)
7 Intermediate to ten when we are admitted (5)
8 Send tea mixture to part of city (4, 3)
9 Play with a small amount (6)
15 Purveyor of drink has a problem about measure (3, 6)
17 Gentler to rearrange glasses with a handle (9)
18 Crudely sculptured hooligan with bird round the west (5-4)
19 Hal lied about a temptress (7)
21 Composed but badly seated (6)
23 Close up about five? You'll get the bird! (5)
24 Pay out money for odds-on finish (5)
26 Subject to pick endlessly (5)

Solution to Puzzle No. 4,081

SALLOW TIPSTAFF
O A U O U R I
LEVITY STANDOUT
S A S D A D I T
TETHERED FRINGE
I O T L M I T R
CARP LUCIFER
E Y B O N S S S
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THE ARTS

Eyre and Hobhouse

Scenes from Provincial India

by ROY STRONG

The exhibition of the series of canvasses depicting the "Arts and Manufactures of Bengal," by Arthur William Devis (1762-1822) at Eyre and Hobhouse in Duke Street should not be missed, for they embody a unique vision of Indian life as seen through the eyes of an English artist at the close of the 18th-century. More to the point, they have been assembled to mark the publication of Mildred Archer's magisterial volume, *India and British Portraiture 1770-1825* (Sotheby Parke Bernet and Oxford University Press, £40).

There is an increasingly popular interest in all aspects of British rule in India, of which these pictures are a curious by-product. The painter was the son of the Devis that we all know so well, the painter of charming family groups or single sitters either planted in the midst of a sparsely furnished room or in the setting of their landscape park within their natural environment. His was an art that was provincial, that recorded the gentry in the shires with their love of the open air, dogs, fishing and all rural pursuits. His son and namesake was trained in the Royal Academy Schools and arrived in India almost by accident after being shipwrecked off one of the Pelew Islands near the east coast of Borneo. When he arrived in Calcutta he found a flourishing colony of visiting painters presided over by the grand figure of Zoffany. Thanks to the tradition inherited from his father, Devis was able to produce a series of portraits quite new in mood recording the British for the first time in India at home surrounded by their native servants.

'Cotton Spinning' by Arthur William Devis

No one, however, trained by that high priest of academicism, Reynolds, at the Academy could have ever been allowed to forget what a lowly rung on the ladder portraiture occupied in the painter's art. The resultant yearning towards subject painting on noble themes was to obsess artists for over a century. In Devis's case it took the form of a grandiose project for a series of paintings and engravings on the theme of "The Economy of Human Life." For this he worked in the British "factory" near Calcutta drawing the processes of muslin manufacture. In Calcutta itself he recorded the coining and assaying of currency. In Patna he observed the manufacture of paper, cotton and saltpetre. He went on to study agricultural life: ploughing, threshing, the grinding of coro and the milling of oil and sugar.

The very idea of doing this was wholly original but less so when placed within the broader context of the English contribution to the visual arts from 1760 onwards which witnessed a ferment of inventiveness in the field of subject-matter. This embraced in particular new criteria of accuracy in the recreation of the remote or recent past, as well as a fascination for the minutiae of nature and the realities of every day life.

These canvases conjure up stylistic threads that are curious and confused. In scenes such as "The Manufacture of Muslin at Santipur, Bengal" the debt to Hogarth is obvious. To this one can add a rococo elegance in the treatment of the figures that recalls Hayman and Gravelot. The most remarkable, "The First Process of Salt Manufacture," has all the strangeness in its placing of the figures and use of light of a subject picture by Wright of Derby. Two Indians crouch on a lonely sea shore, the sky is filled with a dawn light while, to the right, there stands a strange totem head.

These pictures are the exception rather than the rule, for the greater part of the art produced by British artists in India was inevitably portraiture. As India fell under British dominion the life style and social elegancies of Georgian England were imported to Madras and Calcutta. From 1770 onwards the British community erected public buildings and country villas in the palladian style. As their hegemony increased the rough traders, more typical of the earlier East India Company days, were succeeded by a small army of fortune hunting middle class professional people and younger sons of the gentry who sometimes brought with them their wives. Gradually Madras and Calcutta created the culture of a provincial English town and it is into this perspective that we must place the huge repository of pictures and painters' lives gathered by Mrs. Archer. This is a definitive account richly documented and profusely illustrated. On the whole India attracted unsuccessful, mediocre, artists who failed at home. For the successful the financial rewards were handsome. An artist of minimal talent such as George Willison could return to England with £15,000. For this they repeated in provincial terms the fashionable formulae evolved by the leading London portrait painters of the day. One wonders whether, like their colleagues working in New England, they needed the stimulus of prints to keep them up to date on the new modes of portrait presentation.

It is not, needless to say, the aesthetic qualities of their work that intrigues but its subject matter. So many of the portraits of the administrators, officers and merchants could have been painted in Exeter or York, but slowly the camera pans back to include the surrounding scene and it is this that gives these pictures their compulsive interest. Central to this happening was the visit of Zoffany and Devis. Suddenly the lens widens and for the first time we see husbands and wives standing in the Indian landscape beneath an exotic tree, a native servant nearby in attendance or working the soil, in the distance a classical mansion lifted from the mother country has been placed inappositely down here. Gradually they begin to record the landscape and the customs of India and they become obsessed too with vast canvases commemorating the triumphs of British rule, such as Lord Cornwallis receiving the sons of Tipu Sultan. All this would be marvellous material one day to assemble in exhibition terms.

Festival Hall

London Schools Symphony

by DAVID MURRAY

On Sunday afternoon, the ILEA's London Schools Symphony Orchestra was taken through a demanding programme by Simon Rattle. The young players enjoy a variety of musical experience these days, including chamber music and playing for ballet. In this concert they tackled Dvorak, Stravinsky, and the 47-year-old American Michael Colgrass.

Their ensemble was excellent in Dvorak's "New World" Symphony, founded firmly on their excellent strings, notably well-balanced and responsive. The famous cor anglais solo in the Largo was delivered with winning simplicity, and there were strong, precise contributions from the heavy brass, though nerves took their toll of the horns. Mr. Rattle's lucid beat served the orchestra very well, and he contrived to maintain reasonable tension in the Finale without driving them unfairly hard. The orchestral blend was everywhere rounded and satisfying, the sound generally mild—nothing much like youthful exuberance ever broke forth. I was sorry to be unable to stay for their *Firebird* Suite (transferred from the beginning to the end of the concert) to hear whether anyone kicked over the traces.

Though Colgrass's *As Quiet As . . .* is a winsome piece in the George Crumb vein, its series of evocations is at least concise, and it proved to be a valuable teaching piece for the orchestra. It is an exercise in playing very softly but pointfully, with many small but important solos. Once past some queasy intonation at the start, the players were impressively successful at sustaining its breathless atmosphere and capturing its images. The grown-up London orchestras will not want for good musicians in this next generation.

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The Amadeus Quartet's season this winter includes a work with piano in every concert, and their guest at the Queen Elizabeth Hall on Sunday was Walter Klien. There was close rapport in Mozart's two piano quartets, but some imbalance (a recurrent problem in the Elizabeth Hall, where performers are said to hear themselves very imperfectly): in much of the E-flat Quartet in particular, Mr. Klien might have been a concerto-soloist with a brave little string band trying to match him. That was not seriously damaging—the *primus inter pares* principle is not a serious proposition when applied to a piano quartet—but it did mean that some string passages wilted under the rush of piano figuration.

In any case, Klien took a vigorous and unsentimental view of the K. 493 Quartet; his racing scales were even a bit hectic (Would he treat the E-flat Concerto, K. 482, so toughly?). The whole reading was sharply delineated, but the Finale disclosed less than its usual charm. A similar manner was applied much more successfully to the G minor Quartet, where the opening Allegro churned with energy. The Andante was severe and imposing; and then, with the turn to the tonic major, the players relaxed and revelled in the Rondo, as wittily as one could want.

The piano quartets were flanked by string quartets, early and high-middle. The little G major Quartet K. 156 leapt to life with the Amadeus's wholeheartedly dramatic approach. (One hears early Mozart too often played as if by a music-box.) As for the "Dissonance" Quartet K. 465, they did not dwell disproportionately on its astonishing chromatic introduction, but offered a thoughtful and strongly shaped account of the whole work, distinguished as usual by the alert and rewarding interplay between their four instruments. In a sense, the character of their work has become predictable—but only because of its consistently high standard of seriousness.

Johann Strauss Medal for BBC radio official

Charles Beardsall, director of the International Festival of Light Music and assistant head of Radio 2, is to receive the Johann Strauss Medal for his contribution to Viennese music in BBC radio programmes.

The presentation takes place today in Vienna when the city's deputy mayor, Froehlich-Sandner, will make the award.

Odeon, Hammersmith

The Police

by ANTONY THORNCROFT

The new wave has flooded the country with a wealth of fresh musical talent; now the sorting out has begun. One band cleaning up at the moment is The Police which packed Hammersmith on Saturday and Sunday nights and still stranded many outside. This three piece of bass, guitar and drums is obviously going to make it big and has the hits to prove it.

The trick is to link new wave energy with pop song book lines and a rhythm so steady that it is often pure reggae. Listening to most new wave bands is like having a bucket of cold water thrown over you, and then another dozen—stimulating first time but soon becoming boring and uncomfortable. The Police ring the changes. After the initial shock there are enough variations in melody, pace, lighting and stage appeal left in the locker to maintain the excitement.

It is a contained explosion. For a start bassist and vocalist Sting (once Gordon Sumner, a Newcastle jazzman) has style and an ego which at the moment he still keeps in check. He is familiar without being irritating and his voice can sound as black as the coalhole on the reggae inspired songs.

Then there is movement in the stage set with enough jumping around but rather more attention paid to the building up of excitement culminating on the hour with two excellent songs, the slow and sexy "Roxanne" and the insidious "Can't stand losing you," a perfect pop song. After this pair there are a couple of quick encores at a blistering pace and everyone has had their money's worth. In the most austere new wave circles The Police may be reckoned as having sold out, but for the millions in the middle who like to ride with their musical punches The Police are an entertaining blend of law and disorder.

Ronnie Scott's Club

Carol Kidd

by KEVIN HENRIQUES

Of the several unfamiliar singers Ronnie Scott's Club has introduced this year there is little doubt that from a purely jazz listener's viewpoint Carol Kidd from Scotland is the most musicianly as well as the most engaging. Though no stranger to the jazz scene in her own country, particularly Glasgow, the fortnight she sang at Scott's in June was her first appearance in London and generated so much favourable comment that she has quickly returned for another two weeks (ending Saturday).

Carol Kidd's captivating quality is that she uses her voice expressively in that unmistakable way which informs listeners that she is a jazz singer. Not an indulger in scatting (in fact she eschews it) but a singer who interprets a song in the same way an improvising instrumentalist plays it. Additionally, and more importantly, she brings out vividly the meaning of lyrics.

As with any committed jazz vocalist she has a loving feeling for words and for songs blessed with sensitive, meaningful lyrics. "Trouble is a man," "Never let me go," and "I thought about you" are just three beauties she delivers with impeccable consideration of each phrase, almost each word. "Hi wind," inextricably associated with Billie Holiday, she takes achingly slowly, accompanied soulfully by the flute of reed-man Duncan Lamont who, alas, as in June, is woefully under-used for a player of such excellence and innate appreciation of a singer's needs.

Though her voice has a wide range, which is only intermittently exhibited, slow tunes and ballads seem to be Carol Kidd's true forte. As with that other notable interpreter of lyrics, Carmen McRae, Miss Kidd sounds most comfortable and at ease with relaxed, sometimes sad, tunes which have a story and whose lyrics are not trite phrases merely strung together to fill out a good melody. Past ditties like "The Trolley Song" and "The surrey with the fringe on top" are included to make a varied, interesting programme but they are wittily attacked. In these rapid forways there is a fetching twinkle in her voice which even blasé Scott Club audiences find irresistible.

It is this direct and unsophisticated approach along with her other qualities which make Carol Kidd a welcome newcomer to the London jazz scene.

★

Topping the bill at Scott's is the polyrhythmic drummer Elvin Jones with a guitar, acoustic bass and saxophone trio which plays the fervent post-John Coltrane music Jones unwaveringly concentrates on. Ari Brown plays tenor and soprano with all the intensity and harshness of his predecessors with Jones. Inevitably the flair of the innovative saxophone master, John Coltrane, cannot be matched, but Brown is as impressive as any saxist who has played in Jones' groups.

Sunderland Museum and Art Gallery

Clarkson Stanfield

by BRIONY LLEWELLYN

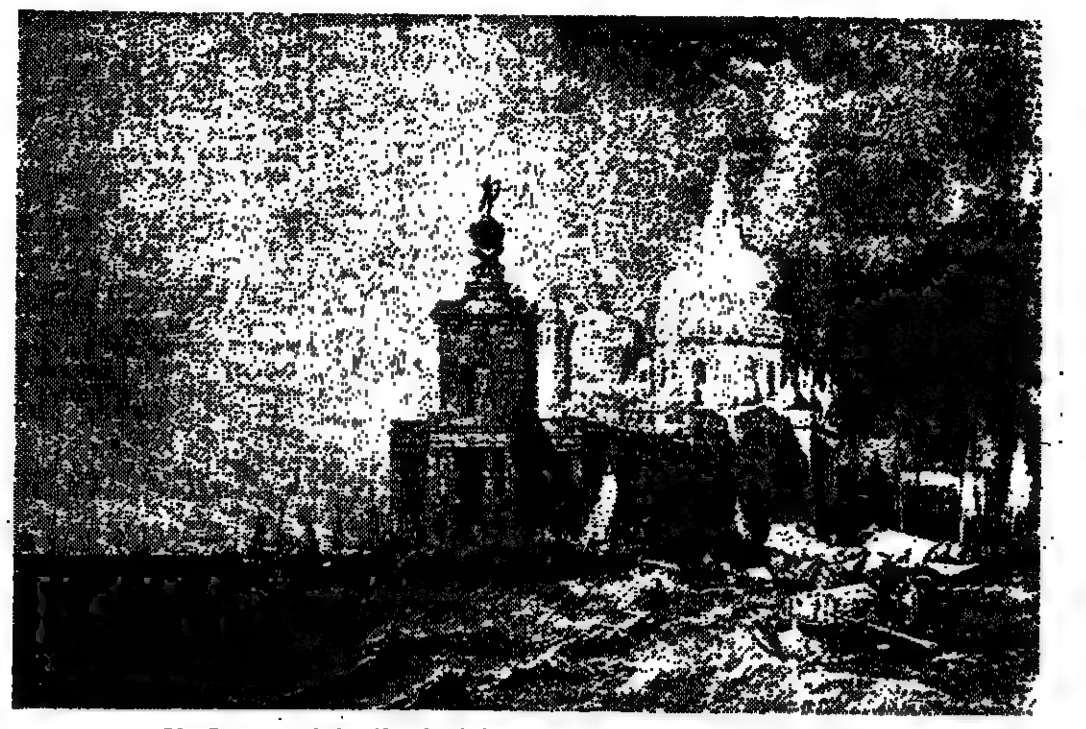
There have not been many professional British artists who have followed two other careers and met with success in all three. Before Clarkson Stanfield became a Royal Academician he had served at sea in both merchant and naval ships and had worked for nearly 20 years as a scene-painter at the Theatre Royal, Drury Lane, where he had established himself (in spite of formidable competition from David Roberts and the Grieve family) as the most brilliant theatrical artist of his day.

"The Spectacular Career of Clarkson Stanfield, 1793-1867: Seaman, Scene-painter, Royal Academician" at the Sunderland Museum and Art Gallery (until November 5) celebrates this achievement. A wealth of material is on display—designs for scenery, playbills, letters, portraits, illustrations to Dickens's books, sketches by friends—apart from a great variety of his oils and watercolours. Confronted with all this, one might reel a little under its sheer quantity but there is no doubt of the quality of much of his output.

Clarkson Stanfield was born in the shipping town of Sunderland in 1793 into a theatrical and artistic family. A sketchbook of China among the material documenting his years at sea, 1808-1816, shows his early draughtsmanship. From his theatrical career only a handful of his original work survives, but engravings after his designs and playbills emphasising his name indicate his importance.

The contemporary theatrical world is copiously illustrated, perhaps too much so, for although of great value to the dramatic historian, not enough is visually striking. To compensate, there are bright lights in plenty in a delightful working reconstruction in small scale of Stanfield's great Venice diorama, seen at Drury Lane in 1831.

By this time Clarkson Stanfield was already becoming established in his easel painting career. (He exhibited almost continuously at the Royal Academy and other institutions from 1820, was elected to the idiosyncratic "Sketching Society" and earned two royal commissions.) But it was not until he finally resigned from the Drury Lane Theatre in 1835 that he was finally accepted as a full Royal Academician.



The Dogana and the Church of the Salute, Venice, by Clarkson Stanfield

Paradoxically it was the very theatricality of his large oils, combining historical drama and sentimentality with picturesque scenery, which appealed to the mid 19th-century public. Not surprisingly, he was a master of scenic effects: the colourful, bustling pomp of the opening of the new London Bridge in 1831, the blood and sweat of the siege of St. Sebastian by the Duke of Wellington in 1813, and above all the emotive hull of the *Victory*, carrying the dead hero Lord Nelson, being towed past the stark Rock of Gibraltar. Here, as in many other successful seascapes, Stanfield convincingly conveys in paint his first-hand knowledge of the sea: ships battling through the raging swell, derelict wrecks, billowing sails, overlaid by a stormy sky.

Similar principles were applied to the numerous watercolours Stanfield painted as the result of his frequent sketching tours on the Continent and in Britain to illustrate topographical books such as Heath's *Picturesque Annual* and his own *Coast Scenery* (many of which are in the exhibition). Venice, Gothic castles and cathedrals snow-capped mountains and deep river valleys, enlivened with colourful, ethnic figures, were ever popular.

However attractive and well painted these watercolours are, many are over contrived, and are too cloying for most tastes today. One of Turner's expressive but simple "Rivers of France" sketches has been slipped in to make this point, but here and there a coloured sketch of Stanfield's shows a spontaneity, usually suppressed: The related *Neapolitan Fisherman*, the on-the-spot observations of the eruption of Mount Vesuvius, and the wonderfully atmospheric *Open Flat Landscape*.

Organised by Tyne and Wear County Council Museums, the exhibition is the first major one for nearly 100 years to be devoted to the artist. It was previously at the Rheinisches Landesmuseum, Bonn, but will unfortunately not appear in London. For those who can't get to see it there is an excellent and comprehensive catalogue written by Pieter van der Merwe and Roger Took.

Two premieres on Festival Ballet's autumn tour

London Festival Ballet will premier two ballets during their autumn regional tour which begins in Leeds on October 15. These will be Glen Tetley's *Sphinx*, and a new ballet by Larry Fuller.

The tour lasts eight weeks, and as well as the new works, the company will also be taking three full-length ballets—their new production of Bournonville's *La Sylphide* which was sponsored by Imperial Tobacco for the recent Festival Hall season; Ronald Hynd's *Rosalinda* which National Westminster Bank sponsored for the company's Dominion season in March; and Hynd's production of Chaikovsky's *The Nutcracker*, also sponsored by National Westminster Bank when it was premiered in 1976.

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The pressures on the EMS

THE EUROPEAN Monetary System appears to have survived its first minor crisis. The modest readjustments in the values of the Deutsche Mark and the Danish krone do not contradict the underlying principles of the EMS which was to create a zone of exchange rate stability based on fixed, but adjustable exchange rates. It may be disappointing to the architects of the EMS that adjustments have had to be made after a mere six months of existence. But this seems a reasonably satisfactory performance, considering that the EMS was created at a singularly turbulent time for the world economy.

The main test

Of course the main test for the EMS will come in the next few weeks, as the markets respond to the new rates. The initial reaction was one of scepticism. Certainly a Deutsche Mark revaluation of 2 per cent seems trifling in relation to the large swings in exchange rates that have become a matter of course during the past few years. But a good deal of the prestige of Germany and the EEC now hangs on maintaining the new parities for a significant period at least. So, to the extent that the pressures on the EMS were due to technical and speculative factors, rather than to fundamental economic divergencies, the realignment may succeed in producing a period of calm.

Certainly the speculation about an imminent revaluation of the Deutsche Mark has been a strong destabilising factor in the foreign exchange markets in recent weeks. Although they may be disappointed that the revaluation was so small, markets may now be forced to assume that the European central banks will defend the new EMS parities with greater determination than before. This should help to take the pressure off the Danish and Belgian currencies, which have been struggling to keep above their permitted minimum levels within the EMS.

External causes

Although Denmark, Belgium and the Netherlands have made no secret of their resentment against Germany's predilection for high interest rates and tight money, the EMS realignment has been necessitated mainly by external causes, rather than by serious economic divergences within the EMS. Although there is a wide spread of inflation rates, the countries with the worst inflation — France and Italy—have had relatively strong currencies. The current accounts of the main EMS members are not seriously out of balance. In fact the OECD expects Italy and France to do better than Germany in the next year.

So there is no reason for disappointment among those proponents of the EMS who saw it mainly as a step along the path of European economic convergence. But the EMS is also a device for spreading the costs of defending particular currencies against foreign exchange speculation, and this aspect of it will remain prominent as long as the weakness of the dollar continues. Even if the EMS realignment is a signal that the Belgian franc will now maintain its value against the Deutche Mark, nothing has happened to persuade investors to hold on to their dollars rather than to go chasing up exchange rates within the EMS as a whole. The realignment means only that all the European Central banks will share more of the pressure which recently has been borne by the Bundesbank largely on its own.

The pressure will persist because the basic causes of currency instability are still in the American economy, or at least in the way that international investors perceive it. Nothing has happened to persuade domestic and foreign observers that President Carter will be able to manage the economy successfully. With inflation well into double figures, there remains the natural anxiety that the Administration will be tempted to reflate the economy in good time for next year's Presidential election.

Much more concern

Admittedly, there may also be encouraging economic news coming out of America over the next year. The trade deficit should continue improving. The Federal Reserve's commitment to a firm monetary policy is not in doubt and this ought to allay some of the fears about inflation in the longer term. But there is now much more concern about the political unpredictability of President Carter than about monetary indicators. If that concern is not dispelled, the current uncertainty will persist.

French policy in Africa

IT IS NOW obvious that France was deeply and directly involved in the ousting of self-styled "Emperor" Bokassa from his Central African throne. The detailed logistics of the operation are still not totally clear—the installation of President Dacko in Bangui appears to have been better planned than the removal of his notorious predecessor. But the incident once again confirms France's determination to intervene, militarily if necessary, to protect its own interests and those of its friends in French-speaking Africa. The intervention in Central Africa is only the latest in a long list of post-colonial operations which in the last 20 years have taken in Cameroon, Senegal, Gabon, Chad, Zaire (twice) and the Western Sahara.

Commonwealth

France's African policy has differed strikingly from that of the only other power in a comparable position, Britain. The UK never seriously considered despatching British troops to Kampala to remove former President Idi Amin, however despotic and bloodthirsty his regime. Nor, in the long history of Rhodesia's illegal secession, has the use of force ever been on the cards. Since Suez, London has preferred to trust mainly in diplomatic methods to maintain its influence in its former colonies, largely, of course, through the Commonwealth.

That is not to say that France has neglected diplomacy—far from it. Equally, it is true that the UK almost certainly no longer has the military capability for the sort of African raids that France has been carrying out, even if it wanted to follow suit. There was a hint of ill-concealed envy in some quarters of Whitehall last year when France launched its successful Kolwezi operation in Zaire. That is the inevitable consequence of decisions by successive British Governments to withdraw from a world-wide military role. France, on the other hand, does not have the Commonwealth.

What France does have is a fairly tightly-knit zone of economic and political influence in Western and Central Africa, composed of its former colonies. Paris has had considerable success in drawing the former Belgian fief of Zaire into the circle and would like to induce English-speaking Nigeria to come closer. The aim is partly to secure French economic interests, but it is predominantly political. By keeping a high profile in Africa, France is demonstrating its continuing world influence, both to other nations and to the French electorate and helping to ensure that other powers do not move into the area. It fits into President Giscard d'Estaing's grand design for Euro-Arab-African co-operation in which France would play a leading role by virtue of its special African links. Part of the aim is to impress the Arabs, and other Third World nations, with France's concern for developing nations.

Military intervention is comforting to leaders like President Mobutu and others who might feel similarly threatened in the future. It puts them in France's debt. But it is not always successful. French intervention in Chad and the Western Sahara failed to achieve the original objectives. Moreover, in deposing Bokassa, the French have gone a step further than in the past. They have moved into the business of installing new leaders whereas in the past they have always come to the aid of an existing ruler in distress. That could give other African leaders cause for thought.

Interventionist

More important are the longer term risks of backing leaders who may ultimately turn out to be out of tune with the needs of their countries, as the U.S. has so recently learned to its cost in Iran and Nicaragua. There can be no guarantee that President Dacko is going to be the saviour of the Central African Republic. A second problem is that the French desire to conserve some kind of unity in French-speaking Africa gives leaders like Bokassa a great deal of leverage over Paris. Until his atrocities finally went too far, Bokassa knew that by threatening to pull out of the alignment with France he could force Paris to condone almost any behaviour. France has shown considerable agility so far in dodging the pitfalls along the interventionist path, but it remains a high-risk policy.

Western Europe's uncertain gas supplies

By RAY DAFTER, Energy Editor

THE EXCITEMENT and premature rejoicing aroused by Shell's latest natural gas discovery in the Norwegian sector of the North Sea is a reflection in part of the uneasiness with which energy companies and West European governments are viewing future gas supplies.

A year ago the supply position looked to be healthy, at least until the late 1980s. There was even concern that the promised *growth in imports*—of both liquefied natural gas (LNG) and gas transported by pipeline—could result in a temporary surplus of the fuel.

But all that has changed. In a roundabout way Western Europe has been badly hit by Iran's decision to drop a big gas export deal with Russia. Under a triangular arrangement Russia would have supplied, on Iran's behalf, over 11.5bn cubic metres a year to the West by way of France, Germany and Austria. That is roughly 5 per cent of Western Europe's present gas needs.

Forecasts of shortages

There have been other snags and delays which will make the supply position more precarious; so much so that there is now talk of Western Europe running short of natural gas supplies by the mid-1980s. This is cause for obvious concern coming as it does on top of the uncertainties surrounding crude oil imports and the indigenous development of coal production and nuclear output. Natural gas already accounts for more than 14 per cent of Western Europe's total energy consumption, a share which is expected to grow somewhat over the next few years.

That is why, it seems, it needs just a whiff of newly-discovered gas to send planners rushing to draw up pipeline transmission systems. Such is the case in the North Sea where a consortium of five companies—Norske Shell (the operator), Statoil, Conoco, Superior Oil and Norsk Hydro—has identified an extremely promising gas field on the Norwegian block 31/2, some 50 miles to the west of Bergen.

Shell has adopted the customary oil industry stance in these cases. It is too early to speculate about the size or commercial potential of the discovery, the company maintains, adding that it has not yet even finished a test programme in the deep-water exploration well.

The Norwegian authorities have been less cautious. The find has been variously described as "encouraging" and as showing "very promising results so far." In the past few days one official of Norway's Oil Directorate has gone much further, guessing that the field could one day emerge as the biggest offshore gas discovery in the world, certainly much larger thatn the big Anglo-Norwegian Frigg Field which is now supplying much of Britain's natural gas needs.

Time and more exploration drilling will confirm whether or not such optimism is justified. In the meantime, the Norwegian Government has gained enough confidence from this and other recent discoveries to look again at its prospects for exporting its gas—for which it has little need—to energy-thirsty countries on the Continent like France, West Germany and Belgium.

The Norwegian Oil Minister, Mr. Bjartmar Gjerde, has surprised many (including the British Government) by announcing that he hopes to table a formal proposal for the building of a new Norwegian gas pipeline system for approval by the Storting, Norway's Parliament, next spring.

Norway's recoverable gas reserves, excluding Frigg and Ekofisk, which are already served by pipelines, were recently officially estimated to be 240bn cubic metres, well below the 400bn cubic metres thought necessary to justify a separate gathering line. However, according to Mr. Gjerde, recent discoveries had increased reserves to many times the amount needed to make the project viable.

Clearly this attitude has put discussions between the British and Norwegian Governments on a different footing. Up to now it was thought—at least in the UK—that the only way that much of Norway's gas could be collected would be through a pipeline network shared with Britain.

The UK is also looking at ways of collecting gas from various of its fields. A feasibility study into such a network is now being conducted by Mobil and the British Gas Corporation. The economics of a British pipeline system would have looked much more attractive if the throughput could have been boosted by Norwegian gas as well.

The Norwegians would not have liked the idea of Britain buying all of its gas, particularly at the rates offered by the British Gas Corporation for much of its supplies. So it would have insisted that much of the Norwegian gas—or, at least an equivalent amount of British gas—should be setn to the Continent by way of a new cross-channel pipeline link.

These options will be discussed by Mr. Gjerde and Mr. David Howell, Britain's Energy Secretary, when they meet again in Oslo in a few weeks' time. But as things stand the most likely outcome will be that Britain and Norway will go ahead with their separate pipeline schemes, although perhaps with some common link to provide a degree of flexibility. Together, these pipelines will cost several billions of pounds but at least the Norwegians are aware that prospective buyers might be willing to help finance the ambitious plan.

The pressing need for new gas supplies is illustrated by the internal figures of one of Europe's leading energy groups. It sees indigenous production within Western Europe accounting for some 160bn cubic metres, 80 per cent of total needs, next year. By 1985 indigenous production could have fallen to 149bn cubic metres and by AD 2000 it could be as *alarmingly low as 50bn* cubic metres. Fields in the North Sea and in Holland cannot hope to meet European demands on this basis; countries must look outside to potential exporters.

There are three ideas involving higher Russian exports now being mooted within the European gas industry. First, there is the hope that the Iranian-Russian deal will soon be revived, as the price of natural gas rises ever higher. (The Iranians said in July that they would be pressing the Soviet Union for a substantial increase in the price of gas going through its Igat-1 pipeline.) Secondly, it is thought possible that the deal will be reformulated in the mid-1980s. Thirdly, it is thought by some energy companies that the Russians might decide to go ahead on their own; that in the quest for hard currency it will instigate a gas development programme that, even for an interim period, would allow it to export more of its resources. It should not be overlooked that Russia has the biggest proven gas reserves in the world; some 26 trillion (million million) cubic metres, or 36 per cent of the world total. Within the European industry Russia has earned a reputation for being a reliable supplier. Its prices — never published — are also said to be reasonable.

Abandoned schemes

But it will be to the African continent—Algeria, Libya and Nigeria, in particular—that Europe will be looking for much of its future imports. Here again, experience to date has not been wholly comforting. Some schemes have been postponed or abandoned; others, already in operation, are reported to be running at less than maximum efficiency due to technical problems; while some, in the planning stage, could well be delayed due to the sheer effort and costs involved.

At present there are six liquefied natural gas services between North Africa and Western Europe: Arzew (Algeria)-UK; Arzew-France; Skikda (Algeria) - France; Skikda-Spain; Marsa el Brega (Libya)-Italy; and Marsa el Brega-Spain.

According to Mr. Edward Faridany, eastern operations director of Ocean Phoenix Gas Transport, of Rotterdam, LNG imports into Western Europe are currently running at around 13.4bn cubic metres a year. By the mid-1980s this level could rise to 46.5bn cubic metres a year, at which time LNG could account for well over half of the imported gas supply into Western Europe, he said.

Mr. Faridany, who was speaking at the transmission conference of the American Gas Association in May this year (before Iran announced it was halting its new Russian link), said that while the Soviet Union and Iran had the reserves to meet additional European requirements there was a strong reluctance in Continental Europe to be "overly dependent" on this source of gas supply. Consequently Europe was looking towards Algeria and Nigeria for extra supplies.

Algeria is already committed to an ambitious programme of gas trading expansion. During the next five years it could start six new services to Europe, quite apart from those earmarked for the U.S. Three LNG services are planned for West Germany, and one each for the Netherlands and Belgium.

However, liquefied gas transportation is an extremely costly business. As a yardstick, Nigeria's Bonny liquefaction plant and export terminal with a capacity of about 16bn cubic metres a year, is put at around $4.9bn. The specialised LNG carriers can cost $125m-$150m apiece. And a 5bn cubic metres a year import terminal can cost between $275m-$350m.

Pipelines, carrying natural gas, are also extraordinarily expensive, particularly when they have to be built under the Mediterranean Sea. Italy and Algeria are now studying plans for substantially increasing the capacity of the 12.4bn cubic metres a year pipeline that is due to start carrying Algerian gas to Italy in 1981. It was learned earlier this month that the annual throughput could be raised to 18bn cubic metres by increasing the number of pumping units along the pipeline. Alternatively a second pipeline (or, to be more accurate, a bunch of pipelines) could be installed alongside the first.

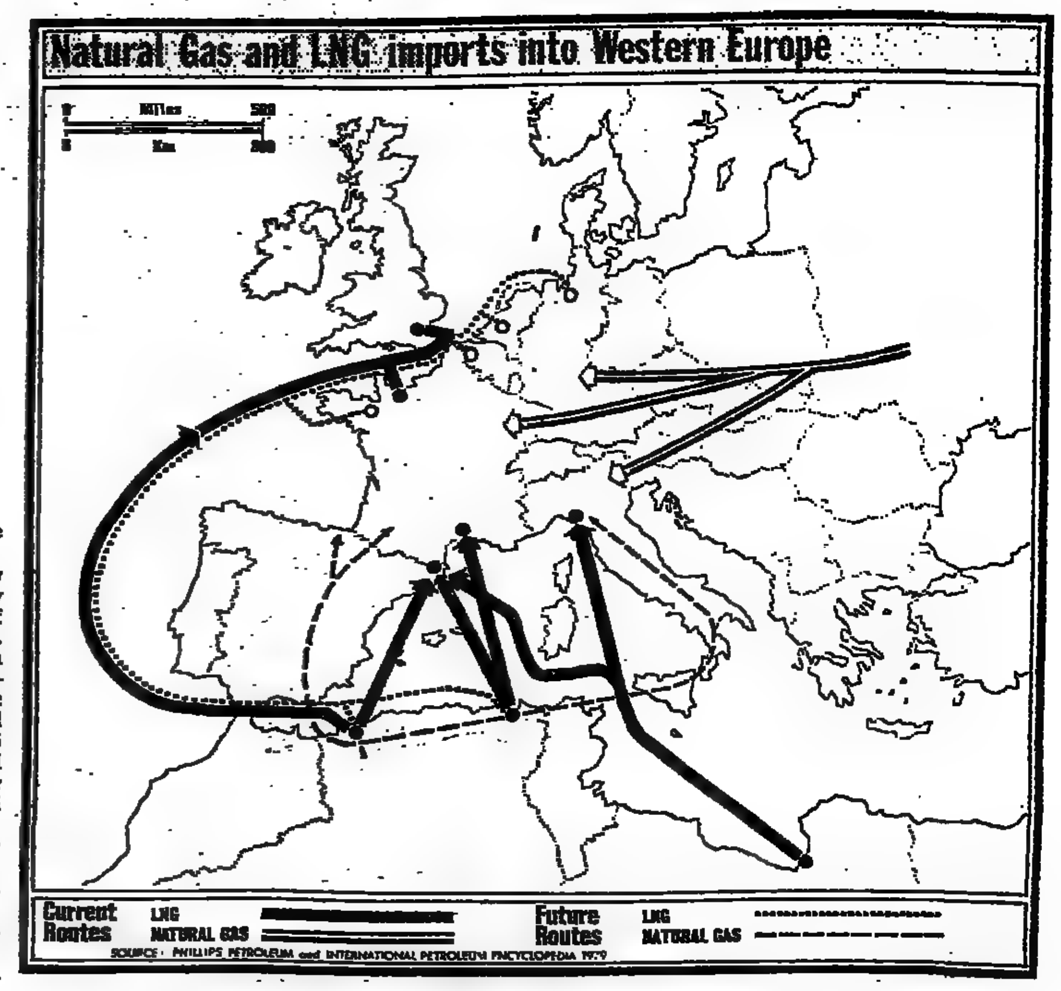
All of these schemes—be they for LNG systems or pipelines—are immensely ambitious. There is considerable doubt about whether they can all be implemented in time to meet Europe's gas needs in the mid and late 1980s.

Gains from the U.S.

On the other hand, Europe could benefit from the uncertain energy policies of the U.S. According to Mr. Faridany a number of LNG supply projects previously earmarked for the U.S. could now move to Europe. He portrays it as an "LNG Olympics-U.S. versus the World." This is one tournament Western Europe could win. Its need and resolve is strong enough. But much will depend on whether European energy companies are willing to pay the price.

Imported gas into Europe is now costing around $3 per million BTU, the equivalent of around $18.80 per barrel of oil. Mr. Nordine Ait Laoussine, until recently vice-president o f marketing for Algeria's state energy corporation, Sonatrach, told an Oxford Energy Seminar earlier this month that producers and consumers should aim at achieiving European gas prices of around $6.50 per million BTU by 1985.

For the time being, this must rank as one of OPEC's more overweening pricing ambitions. But there is no doubt Western Europe must be prepared to pay higher prices if it is to secure new supplies of imported gas. And unless Shell has discovered an extraordinary massive field in the North Sea, there seems little doubt that Europe will need those imports.



WESTERN EUROPEAN GAS BALANCE

(Bn cu metres a year)

	1979	1985	1990
Domestic production	191.2	217.0	217.0
Supply (pipeline)			
Algeria	—	17.6	22.7
USSR	16.5	21.7	21.7
Iran	—	9.3	9.3
Supply (LNG)			
Algeria*	10.3	41.3	41.3
Libya	3.1	3.1	3.1
Imported supply	30.0	93.0	98.2
TOTAL SUPPLY	221.1	310.0	315.1
Gas requirement†	221.1	310.0	366.9
Gas shortfall	—	—	51.8
POSSIBLE GAS SOURCES:			
Supply (pipeline)			
USSR/Iran	—	—	20.7
Supply (LNG)			
Nigeria	—	—	15.5
Algeria‡	—	—	15.5

* Based on median case forecast

† Growth rate over period 1979-85 estimated at 5.8% annually; about 3% annually over period 1985-90.

‡ All or part of this could alternatively be in the form of pipeline supplies.

Source: Edward K. Faridany, Ocean Phoenix Gas Transport, Holland, at American Gas Ass. Transmission Conference, May 21-23, 1979, New Orleans, Louisiana

MEN AND MATTERS

Crooning in style by the Nile

The banquet beneath the Pyramids this week will be one at which King Farouk himself would have felt quite at home. Persons of such splendour as the Princess Francoise of Bourbon-Parme, Prince Alexander of Yugoslavia and Princess Marcella Borghese will be entertained, as they dine, by dancing Arab stallions and the crooning of Frank Sinatra. There will be other delights for the 800 guests, who will include some of "the world's top business leaders," and all the Egyptian political hierarchy: belly dancers, the latest Pierre Balmain collection and a display of jewels.

All this is part of a three-day junket organised by the Revlon Corporation to aid Mrs. Jehan Sadat's Faith and Hope Rehabilitation Centre in Cairo. It will also heavily underscore President Sadat's stance vis-a-vis the rest of the Arab world.

The Revlon Corporation has long been on the Arab League boycott list. So have Sinatra's films, because of his devoted fund-raising for Israel. The present Israeli Minister of Energy and Telecommunications, Itzhak Modai, was chairman of Revlon in Israel until two years ago.

The U.S. contingent to the gala includes the heads of many major corporations. They are being flown to Egypt by chartered jet. The European guests take off from Paris today. Britain will not be too heavily represented, I fear — just by a man from Now! and the Duchess of Bedford. As a spokeswoman from Revlon delicately explained: "The charity is registered in the U.S., so the travel from there is tax-deductible."

"They'll never get me up in one of those things."

Mr. Merger

A self-effacing civil servant who has played a key role in many City dramas retires from his desk near Chancery Lane tomorrow. Frank Glaves-Smith, at the Office of Fair Trading, has been officialdom's "Mr. Merger" since 1965, apart from a three-year break at the Treasury.

It has been Glaves-Smith's task to sift the evidence about all proposed company mergers where assets acquired are over the £5m mark. Many are the anxious company chairmen he has interviewed in his office. He has also regularly chaired the inter-departmental mergers panel, which decides when takeovers should be referred to the Monopolies and Mergers Commission.

A barrister by training, Glaves-Smith takes a shrewd and almost clinical view of his role. "Usually the row is over the price of shares," he told me. "It is nothing to do with us if companies wan to pay over the odds and makes fools of themselves."

His guiding principle has always been whether a merger will be in the public interest. What about the individual shareholders—the old ladies in Bournemouth "I have never given a thought to them," he says.

From his long experience, Glaves-Smith thinks Continental and U.S. businessmen are "more scientific, more numerate" than their British counterparts. "But not more shrewd."

He plans now to live mainly in the Lake District, but I sensed that behind his official calm he has rather grown to like the excitement of takeover battles. He has some remarkable anecdotes—revealing no names, of course. "Once two chairmen o fmajor companies came to see me about a proposed small joint venture. Then they announced that over the second whisky the night before they had decided to merge their entire organisations." How did he react? "I was embarrassed. I asked whether they thought they had done their homework."

Persian reverie

Closely pursuing the memoirs of Henry Kissinger are those of the fallen monarch he has so devotedly supported. I hear from Paris that the ex-Shah of Iran has written a 340-page manuscript in French, to be published at the end of next month.

"It's not a whitewash job," says Henry Bonnier, literary director of the Albin Michel publishing house. "He admits he made mistakes as ruler of Iran."

Bonnier has been to the ex-Shah's Mexican retreat to collect the manuscript, on which the latter has been working for 12 hours a day. There are no crossings-out in the text, which is said to be "tightly written in an individual style."

The publishers were not asked for any advance royalties, and their new author has volunteered to do some promotion for the book. He will be interviewed by French radio stations, direct from his hideout. According to Bonnier, the hideout is certainly no gilded cage. It is a sparsely-furnished place without even pictures on the walls.

Appetiser

The sniping between Spillers and Dalgety has not, *pace* Fred the flour grader, been noted for its wit. But I hear that the Board of Delgety returned from its conflab yesterday morning to find that each member had been sent a mail-shot suggesting he patronise Mario and Franco's newly-opened restaurant in the City—owned by Spillers. Enclosed was an application form, in case credit was required.

"When I came back and picked up my noon post I heard a lot of laughing in the background," says Andrew Turner, Dalgety chief executive. "It turned out all my colleagues had been sent one as well."

The riposte has still to be formulated—not, says Turner, over a meal at Mario and Franco's Not yet, anyway.

Faster fuzz

My item about the City of London Police acquiring its first BMW cars for patrol work has struck a chord with a reader whose business takes him to the Soviet Union. He tells me that the Moscow police, who usually drive Volgas, also have some BMW's; two are often parked outside the Ministry of Foreign Trade. My informant remarked to a Soviet official that he was surprised to see them. "Ah," came the reply, "but how to catch a Volga with a Volga?"

Observer

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هكذا من الأصل

COURTING THE PERSONAL CUSTOMER

BY MICHAEL LAFFERTY AND FT FOREIGN STAFF

UK banks lag behind other countries

ARE THE BRITISH BANKS, and the big clearers in particular, doing enough for the personal customer? The British public might be forgiven for thinking that they are not, given the seemingly unending preoccupation with lending to industry, and official calls for restraint on loans to the individual—accompanied by the inevitable directions from head office to branch managers. It is a striking fact that only 20 per cent of personal deposits with the clearers are lent back to people by the banks, compared with 60 per cent in Canada and 70 per cent in The Netherlands; the rest is diverted for lending to industry.

The clearing banks' lack of attention to the personal customer can be charted in numerous ways. Most striking is the extent to which the UK adult population as a whole is still "unbanked," in the sense that 59 per cent of people do not have a regular bank account. Even when it comes to the "banked" part of the population, the clearer do not in general lend money for the purchase of the average person's most important asset — his home. When it comes to keeping his money with the bank, there is no interest available on current *account credit balances—while* the variety of savings instruments available is strictly limited to the uninspiring deposit account. Discerning bank customers, have reacted by placing 10 times as much money on deposit with the building societies as with the banks.

Against this background, it is hardly surprising that the clearing banks are gradually readjusting traditional attitudes to the personal sector. The most obvious manifestation of this so far has been the bank-inspired debate over the building societies' fiscal, monetary, and prudential privileges—followed by pilot mortgage schemes from a number of the banks.

But what has changed on the mortgage front, to bring the clearers to contemplate such a change of direction? The answer, in the words of one *chief executive, is* very little—apart from the fact that today's generation of clearing bankers is a little more willing to question tradiional attitudes about the dangers of borrowing short and lending long.
lending long.

By any international comparison, clearing bank involvement in home loans is long overdue. Equivalent commercial banks in most other leading countries having been doing such business for years. Within the old Commonwealth, banks are the main source of housing finance in Australia, while in Canada the banks have been a major and growing force in the mortgage market for the past decade, competing directly with trust and mortgage institutions.

In Europe, heavy bank involvement in housing finance is found in Sweden, where the system is controlled by the Government. There, under an annual agreement with the Government, the banks undertake to buy a given amount of housing bonds. They also provide short-term building credits for government-financed house building, while the average customer can get topping up loans. *The Swedish banks also operate* jointly a house financing company which lends to private householders at particularly favourable rates.

In Holland the commercial banks are quite simply the most common source of private housing finance. All the main banks in France make housing loans. These are granted automatically to people with home-savings accounts after a fixed period, in proportion to the amount held. Complementary loans are also obtainable. Nevertheless, a large part of the French home loans business remains in the hands of specialist institutions akin to the British building societies. To complete the European picture, the commercial banks in Switzerland have in recent years been developing home loan business.

In the United States, the commercial banks are a significant although not a dominant force in the supply of housing finance. The area is still largely the preserve of the savings and loan associations. Finally, in Japan, bank lending to the personal sector and for housing is currently of the order of Y5,500bn, of which over *Y5,000bn relates to housing.*

The home loans issue is just one example of the ground the British banks have yet to cover in serving the personal customer. The clearers enjoy a vast "endowment" benefit from the interest-free use of millions of current account credit balances. In many other countries, banks reward the customer with some interest, and there is also much evidence of efforts to package savings schemes to suit the individual customer. The most recent development has probably been in Sweden, where the banks offer a plethora of savings schemes. Until a month ago, interest rates on deposits were co-ordinated, changing only as in the UK with bank base rate. Then PK Banken, the state commercial bank, launched a two-year account with 0.75 per cent higher interest.

Skandinaviska Enskilda, another major bank, quickly followed suit, and Svenska Handelsbanken joined in with its much-publicised new "general account," which is said to offer customers the advantages of both a current and savings account. Altogether, the *present situation is that, instead* of competing only on service, the Swedish banks appear to be falling into an interest-rate battle. Interest is payable on current accounts, with some banks paying on the end-of-the-month balance and others using the monthly average.

Other countries where the banks pay interest on current account balances are Germany, The Netherlands and Switzerland. However, rates are generally very low, ranging from only ¼ per cent per annum in Switzerland to 1½ per cent in Holland. In Germany, because of the very low current account interest rate, demand for deposit accounts is great. Savings deposits account for 30 per cent of all deposits in commercial banks and 47 per cent for the whole system. To encourage regular saving the commercial banks have recently followed the example of the savings banks with a new scheme: under it, the surplus on a current account shortly before the next wage or salary payment is transferred to a savings account each month. The incentive is that in this way the customers automatically enjoys the higher savings account interest rates.

PERSONAL BANKING AROUND THE WORLD

	Extent population is "banked"	Do major banks provide housing loans to a significant extent?	Is interest paid on current account?	Are overdrafts provided?
Australia	Majority	Yes	No	Yes
Canada	Great majority	Yes	Yes	Exceptionally
France	Majority	Yes	No	Exceptionally
Germany	In full	Yes	Yes (0.5%)	Yes
Japan	Minority	Yes	Yes	No
Netherlands	Great majority	Yes	Yes (1½%)	Yes
South Africa	No data	No	No	Yes
Sweden	Great majority	Yes	Yes (4½%)	Yes
Switzerland	In full	Yes	Yes (0.25%+)	Yes, uncommon
United States	Great majority	Yes	Starting	Very rare
United Kingdom	Less than 50%	No	No	Yes

Legislation

In the past year in the U.S funds transfer has become a *cause célèbre* because of the introduction of so-called "now" accounts which basically provide for interest payments on current accounts. Following a Court judgment that the new accounts were fundamentally in conflict U.S. banking laws, Congress has to pass enabling legislation by next January 1 or the accounts must be eliminated.

In Sweden, the banks offer a very wide range of savings instruments: Svenska Handelsbanken reported that it was offering 16 different accounts when it introduced the "General *Account.*" *In addition to the* current accounts, this included two savings accounts—one offering interest at 0.75 per cent below discount (or bank) rate with one week notice for withdrawal and the other offering interest at the discount rate. Customers can get discount less 0.25 per cent on so-called capital collecting accounts, with six month withdrawal, and discount plus 0.5 per cent on 12-month capital accounts. There is a giro capital account linked to the c urrent accounts which pays interest varying from discount less 0.75 per cent to discount less 3 per cent, with the shortest deposit period being 14 days and the smallest sum SKr 50,000 (£5,500).

Other examples of the variety of savings instruments available through banks worldwide include over-the-counter bonds (Switzerland) and facilities for becoming shareholders in the bank itself—a scheme operated by CCF, the biggest private-sector commercial bank in France.

Many of these texamples are, inevitably, fairly selective. They are intended simply to illustrate aspects of personal banking services which are available elsewhere in the world. Given that the UK clearing banks are unrestricted in the services they may offer the individual—barring temporary "corset" restrictions—there would seem no reason why they should not be able to do the same if the demand is there.

It need not be a matter of international comparison alone. There are areas particular to the UK environment where the banks could, conceivably, be doing more for the individual. One example is the notable absence of a more formalised advice system on personal savings in the average High Street branch. At a much more mundane level of service, there is the recent story of how the London clearers reacted to a request from the accountancy bodies that customers should be sent copies of interest certificates which are supplied to the Inland Revenue. The accountants felt that this would be justified on grounds of both privacy and courtesy. The London clearers did not agree, claiming that the extra burden of posting almost 11m letters would not be justified. Curiously, the Scottish clearers have been providing this service for some time.

Many clearers see the banks' greatest challenge on the personal banking front as that of selling the banking habit to the 59 per cent of the working population which is still paid weekly and in cash—compared with 5 per cent in France and 1 per cent in the U.S.

Tradition

The banks are fond of quoting the statistic that it costs an employer £25 per employee per year to pay cash wages each week, in addition to the security risk—but so far there is little visible evidence of a campaign to change the long-standing tradition of the weekly wage packet. Bankers seem to believe that the first step must be to effect a changeover to monthly wage payment, but fear the trade unions will raise objections to this. In order to facilitate such a changeover in habits the banks might be prepared to give employees small loans to start off a monthly wage banking system.

An interim solution which is also being canvassed would allow employees to draw cash, up to the amount of their wages, from cash dispensing machines in or near factories, construction sites and offices. While this would not do away with the wage transportation problem, it has the merit that it would save on the making up of wage packets and would introduce the average British worker, to whom the clearing banks have hardly seemed relevent, to the idea of using a plastic card.

But this conversion process is likely to be long drawn out. the clearers have to face the problem of allocating their own and their customers' resources more efficiently so that those who deposit money with the banks are fairly rewarded. The test in bringing about this transformation will be whether the clearers can still retain their reputation for flexibility, notably on the operation of the overdraft which so characterises their operations at present.

The next stage will be cash dispensers at the work place.

Letters to the Editor

Pensions and inflation

From Mr. R. Colbran

Sir,—I do not think it is helpful of Mr. Johnson (September 20) to suggest that there is an easy solution to pensions and inflation, and it is important to understand the weaknesses of his approach.

It can be deduced from recent published surveys that average pension outgo (after deduction of cash payments) is about 5 per cent of payroll and not, as he suggests, that only a few companies are paying more than 5 per cent. Even so, *the percentage is still low and* will rise because extensions and improvements made in pension schemes over recent years usually only apply to the active workforce. Companies are now funding for a much higher future level of pensions than currently in payment.

Mr. Johnson suggests as a matter of routine pay-as-you-go pension increases in line with cost of living. Many companies pay increases out of current profits (but without the cost of living link) and this is all very well so long as high inflation is only temporary. If inflation persists at 15 per cent, pensions, *on* Mr. Johnson's approach, should be doubled every five years. Someone retired for ten years would have only a quarter of his pensions from the pension fund and three-quarters out of current profits. Many employers already find the cost of making up the value of existing pensions unacceptable whether or not they take account of contigent liability to continue the payments and extend them as inflation goes on.

The suggestion that trade unions *should accept, and* employers should pay, less than the market rate for labour so that pensioners can have more is equally unrealistic until the time when the whole trade union movement accepts that there is only a limited cake to be shared. Applied selectively it would simply mean that earnings of employees of the particular company or industry would fall further and further behind the national level.

The only general solution to this problem is to reach an economic situation where savings can retain their real value. Sadly this seems to be as far away as ever.

Roy B. Colbran.
Martin Paterson Associates,
10, Buckingham Place, SW1.

A basis for funding

From Mr. A. Platt.

Sir,—The problem of pensions cannot be solved easily because it falls into the social, financial and political fields. In real terms, as with everyone, pensioners can consume only current production — they are neither a charge on the past nor on the future. All pensions are paid, apart from taxation, out of the prices paid for current goods and services. The financial argument is between treating pensions as a cost of production (contributions to funds for funded schemes or actual payments for pay-as-you-go schemes) or out of profits (investment income for funded schemes).

Actuarial valuations attempt to evaluate the impossible, as it is for some 80 years ahead. To assess the funding rate is like asking someone in 1899 to forecast investment returns for the period to 1979. To quote from The Forsyte Saga "Timothy . . . had invested the quite conspicuous proceeds in 3 per cent Consols . . . no other Forsyte being content with less than four per cent for his money." These would be in real terms. Over the period 1949-1978 the real rate of return for lump-sum investments over ten-year periods has varied from —4.6 per cent to 13.6 per cent for tax exempt funds. Who can possibly guess correctly what will happen in *the next 80 years?*

This rate is of great importance because it determines what shall be paid financially now into the funds for the future pensions. If this rate is too low then too much is being paid into the funds, similarly the cost of a lump-sum payment to fund an increase in pensions is grossly exaggerated.

I believe the point made by Mr. S. Johnson (September 20) is valid, but may not be as expensive as he suggests. Some funds are inflation protected up to 3 per cent, others are doing better *than this. If real interest* rates used in the actuarial valuation are too low, then provided they are not changed, surpluses will appear in the future if the actual investment experience is better than that assumed. I suggest that with this proviso and on a three-yearly valuation basis actuaries are asked to estimate what pension increases can be paid during the following three years When the annual increases are negotiated for employees, the difference between this and the fund increase could be granted by the employer to incumbent pensioners. This would be a reducing payment and a finite liability, which is actuarily calculable as death rates are known. It is not an "open-ended commitment."

The basic suggestion is that inflation up to a reasonable figure should be funded, with any increase above this being met on a pay-as-you-go basis. Profits do increase during inflation and if trade unions are socially conscions, as they claim to be, they would surely allow this increase to be taken into account during negotiation, as it will apply to current employees in due course.

A. J. Platt.
21, Lawton Road, Rainhill, Prescot, Merseyside.

Reducing tax avoidance

From Professor D. Myddelton

Sir,—Justinian is on dubious ground when he writes (Sept. 20) of tax avoidance amounting to "raids on the nation's purse." Surely it is the tax authorities who raid the nation's purse? The Inland Revenue and Customs and Excise represent licensed highwaymen taking their toll of innocent travellers. Tax-avoiders are merely enterprising enough to travel by another route and thus escape the levy.

The best way to reduce tax avoidance is to reduce the incentive. This means cutting top rates of income tax and scrapping taxes which raise very little revenue. An "anti-avoidance" budget would contain the following essential ingredients: a single flat 25 per cent rate of tax on all incomes, earned and "unearned," *corporate and personal, with no* employees' national "insurance" tax; and abolition of capital gains tax, capital transfer tax, and stamp duties.

Such a reform would initially reduce government tax revenue from 45 per cent to 40 per cent of the national income. But it would soon encourage individuals to create more wealth, and thus increase the national income more rapidly. Incidentally it would also simplify the tax system out of all recognition.

(Professor) D. R. Myddelton.
Cranfield School of Management,
Cranfield, Bedford.

Hong Kong trade

From the Senior Representative UK Hong Kong Trade Development Council

Sir,—Mr. Sutherland (September 20) obviously believes in one-way traffic. Hong Kong has merely satisfied a demand from UK manufacturers and distributors which are all necessary otherwise it would be impossible to achieve a 42 per cent increase.

A major proportion of this is due to higher wages, upgraded products and improved working conditions all of which have been helping Hong Kong to purchase 50 per cent increase of imports from Britain.

Hong Kong calls this reciprocal two-way trade and has just completed negotiations with British Government and business organisations to increase this trade and thus expand British exports by another £400m.

It is hoped to double the present £400m export figure and I hope Hong Kong will reciprocate.

F. McKellar.
Hong Kong Trade Development Council,
14-16 Cockspur Street, SW1.

Misunderstood engineers

From the President, The Institution of Mechanical Engineers.

Sir,—The letter from Mr. S. R. Quartley (September 21) is a striking example of the problem that besets the engineering industry—the widespread lack of understanding of what a professional engineer is and does.

It is disturbing that the managing director of an engineering company is apparently unable to distinguish between engineers and engineering workers. It is only slightly more understandable that your own staff make the same mistake on the back page of the same issue.

I agreed that engineers in this country are undervalued and under-rewarded, but must point out that Mr. Denys Wood in his letter was not referring to the engineering workers involved in the Engineering Employers Federation Confederation of Shipbuilding and Engineering Unions dispute; he was referring to professional engineers who do not go on strike if they can possibly avoid it.

My institution and others are working very hard to improve both the standards and number of entrants to the engineering profession, since British industry desperately needs more good chartered engineers if it is to survive successfully. One of the *biggest obstacles to the* encouragement of good recruits is the fact that the public at large seems unable to understand that at the heart of the engineering industry is a profession which is as intellectually demanding and as satisfying as any other. There can be few countries in the world where the role of the professional engineer is so little understood.

The deterioration in industrial performance which we have seen in the last decade will continue rapidly unless something is done to remedy this national weakness.

J. G. Dawson,
1 Birdcage Walk, SW1.

Japanese trading

From the General Manager, Japanese Chamber of Commerce and Industry

Sir,—Mr. Geoffrey Owen, under an unfortunate headline in the Lombard column on September 14, suggested that Japanese industries, in financing their activities, were either not playing the game or at least were playing it by different rules from other developed countries. Japanese practice often differs from that in the West in that they make longer range plans on the basis of fuller information; they take what may seem greater risks, and they show more patience in waiting many years for their investments to begin to show profits.

The arguments from comparisons of profit ratios, which Mr. Owen himself agrees are not the key question, do not seem relevant while Japanese major firms are able to reduce their dependence on loans from the banks while increasing fixed investments from internal funds and continuing to pay dividends out of profits.

Mr. Owen's criterion for the fairness or otherwise of Japan's export success apparently turns on the willingness of the Japanese Government to underwrite the risks undertaken by Japanese banks. While it would be a strange Government which could show no concern whatever about the *collapse of major firms or banks,* the record of Japan, with its very large numbers of bankruptcies since 1973, and the unwillingness of the Government to bail out such an important firm as Ataka, should suggest to any unbiased observer that it is the intense competition with one another by Japanese firms, banks and groups which has resulted in Japan's success, rather than covert Government action.

If the dialogue between business and Government in Japan seems at times more effective *than in other countries*—for example in producing the legislation for the re-structuring of unsound businesses—this should be the object of emulation rather than criticism by less fortunate countries.

To head Mr. Owen's article "Japan's Unfair Advantage" is misleading.

R. S. Milward
c/o Mitsubishi Corporation, Bow Bells House, Bread Street, EC4.

Today's Events

GENERAL

UK: Mrs. Margaret Thatcher opens new shopping centre at Milton Keynes.

Mr. William Whitelaw, Home Secretary, speaks at opening of Police Superintendents Association conference, Torquay (until September 26).

Zimbabwe-Rhodesia constitutional conference continues, Lancaster House, London.

Second day of national engineering strike: Amalgamated Union of Engineering Workers executive meets.

Liberal Party conference continues, Margate

Mr. Sidney Weighell, National Union of Railwaymen general secretary, addresses London Chamber of Commerce, Ironmongers Hall.

Overseas: Mr. Michael O'Kennedy, Irish Foreign Minister and president of EEC council, addresses United Nations General Assembly, New York, on PLO recognition.

Mr. Henryk Jablonski, Polish Head of State, starts four-day State visit to Belgium.

Duke of Kent, British Overseas Trade Board vice-chairman, visits World Telecommunications exhibition, Geneva.

OFFICIAL STATISTICS

Department of Employment publishes provisional September figures for unemployment and unfilled vacancies.

COMPANY RESULTS

Final dividends: AB Electronic Products. Armstrong Equipment. Barratt Developments. Blue Bird Confectionary Holdings. Electronic Machine Company. Sizewell European Investment Trust. Interim dividends: Barrow Hepburn Group. Brent Chemicals International. AF Bulgin. IDC Group. Jove Investment Trust. Kleinwort Benson Lonsdale. John Menzies (Holdings). Office and Electrical Machines. Rowan and Boden. H. Samuel. Sunlight Service Group. Tomatin Distillers Company. Unicorn Industries. United Newspapers. Waterford Glass. Watmoughs (Holdings). Interim figures: London and Scottish Marine Oil Co.

COMPANY MEETINGS

Cavenham, Cavenham House, Colnbrook, Slough, Berks., 11. City of London Brewery and Investment Trust, Winchester House, 77 London Wall, EC, 2.30. Western Board Mills, Angel Hotel, Cardiff, 12.

UK COMPANY NEWS

Euroferries £1.8m lower but steps up dividend

A FALL of more than £2m in shipping division profits left the taxable surplus of European Ferries down from £8.5m to £6.7m in the first half of 1979, on increased turnover of £72.46m, against £57.26m.

But the net interim dividend is stepped up from 1.1p to 1.5p and the directors expect to pay a final of 3p. Last year a total of 3.08p was paid from profits of £25.88m.

The directors say the lower first-half shipping division profits—down from £5.71m to £3.41m—is primarily attributable to the substantially increased price of fuel before the introduction of surcharges could be implemented, and to losses incurred through the road haulage dispute.

Against the background of a static tourist market, the directors continue, carryings so far in the second half can be regarded as satisfactory but full-year profits for the division are not expected to reach last year's levels.

The harbour division was also hit by the lorry drivers' dispute, and profits fell from £917,000 to £622,000. But, the directors add, the benefits of the recent investment in Felixstowe are starting to materialise and should be reflected in improved second-half profits.

The financial services and property division continues to show further growth activity and profits—the surplus rising from £1.87m to £2.68m. Full-year profits will exceed last year's, the directors add.

There will be no tax charge for 1979, apart from ACT on dividends and a small amount of foreign tax, the directors say.

See Lex

HIGHLIGHTS

Fisons yesterday revealed half time profits which were as bad as expected. The haulage strike apart the company was hit by a nine week strike at Immingham docks and its agrochemical sales were caught by the harsh winter. Interim profits are down 35 per cent and Lex examines the scope for recovery. The drop in European Ferries' profits can be explained by the haulage strike and higher fuel costs, and for shareholders there is a 43 per cent dividend hike. Finally Lex considers the latest intriguing tactics in the Dalgety-Spillers battle. Elsewhere other major companies reporting figures include Tarmac and Dickinson Robinson.

Kellock sees improvement

Marginally lower pre-tax profit of £67,040, against £69,114, is shown by Kellock Holdings an investment holding company for the first half of 1979. The Board expects the full year results to be materially ahead of those for 1978.

With tax taking £7,491 (nil) earnings per 10p share dipped 0.37p to 1.91p. To enable the capital base to be built up further, the company intends to pay an unchanged 0.5p dividend for the year.

In July, Kellock completed the sale of its subsidiary H. Morris and Sons and the following month acquired Automobile Bank and Credit Corporation, which was wholly-owned by Mr. E. J. P. C. Lombard-Knight, a director of Kellock.

The total cash consideration for the latter was £54,095 made by way of a placing of £62,178 nominal of 11 per cent preference shares 1993-98 and £5,445 in cash.

Little change at Cakebread Robey

Profits before tax of Cakebread, Robey and Company, builders' and timber merchant, were little changed at £307,033 for the half year ended June 30, 1979, compared with £310,286. Turnover fell marginally from £7.16m to £7.05m.

After tax of £148,300 (£161,300) the net balance emerged at £158,733 against £148,986.

The net interim dividend is increased from 0.5p to 0.6p per 10p share—last year's total was 1.82p on £779,000 pre-tax profits.

HARRISON & SON

Shares in Harrison and Sons, the printing and paper processing group, were suspended at 56p yesterday at the company's request pending an announcement.

Schroder Life launches assurance plan

A new life assurance plan designed for investors seeking income has been launched by the Schroder Life Group, the life assurance subsidiary of Schroders. Under the Schroder Income Distribution Fund the investment is made in units of the Schroder Income Fund, an authorised unit trust managed by J. Henry Schroder Wagg. But the plan keeps the capital element separate from the income paid under these units.

The investor can take the whole amount of the income, but this would lead to tax complications. Or he can use the normal withdrawal facilities available to life contracts taking out up to 5 per cent of the original investment without tax penalty. Any excess is deposited in the Schroder Money Fund until required.

Under this scheme, the number of units allocated to each bond remains constant. So there is no danger of the investor using up his original capital inadvertently to maintain his income level—a weakness with normal withdrawal schemes.

Tarmac ahead and confident

MR. EDWIN WRIGHT, chairman of Tarmac, expects the profit for 1979 to "comfortably exceed" the £26.47m achieved last year.

In the first half, profit has expanded from £6.25m to £7.49m, a result better than at one stage seemed likely. The exceptionally bad weather took its toll in the early part of the year, but there was a good performance in May and June.

The second half is proceeding well, the chairman states.

Earnings for the period are shown up from 6.17p to 7.45p, and the interim dividend is lifted by 1.014p to 5p net. The 1978 final was 6.961p.

Mr. Wright says trading in the housing and properties division has been better than in the previous year and the building products side has also improved. Quarry products has, in spite of the weather, managed to equal last year's performance.

The construction market in the UK and overseas continues to be difficult and this is reflected in the results of both the construction and international divisions.

Tarmac's withdrawal from Nigeria is now complete and although the actual loss has not yet been finalised, it will be within the £16m provision made in the 1977 accounts.

	First half 1979 £000	1978 £000
Turnover	358,044	348,937
Profit	10,370	8,594
Interest payable	2,883	2,348
Profit before tax	7,487	6,246
Taxation	†3,369	2,868
Minority	—	8
Net profit	4,118	3,369

† No provision made for deferred beyond foreseeable future by accelerated capital allowances.

● comment

Tarmac has bounced back strongly from the depressed winter, and the optimistic statement on prospects, together with a 25 per cent net dividend increase, suggests a fair degree of confidence for the second half. Higher prices for quarry products, allied with rising volume—the group has not yet felt the effect of public spending cuts—are bolstering the most important division; housing is expanding usefully; and building products will be helped by some loss elimination in France. Construction, at home and overseas, is still the problem area. It may be making a small loss, and no immediate recovery is foreseen, although Tarmac is working hard to raise the quality of its contracts. But the rest of the group should make well over £30m this year, and the shares at 195p yield a prospective 10½ per cent, and are modestly rated at little more than seven times fully-taxed earnings.

Arncliffe profit increases

A 15.3 PER CENT advance in pre-tax profit from £292,917 to £337,854 is reported by Arncliffe Holdings for the six months to April 30, 1979. Turnover by the property developer and building contractor, which went public through a placing last October, was 17.6 per cent better at £2m, against £1.7m.

Exceptionally bad weather in February and March affected the company's building programme. Although this did not seriously hit the first half figures it caused a delay in completions which may affect second half performance, Mr. Manny Cussins, the chairman, warns.

Due to stock relief provisions it is anticipated that no tax will be payable for the half-year apart from ACT in respect of the 1.6p gross interim dividend. For 1977-78 no interim was paid but a 2.01p final was paid from profit of £0.66m.

Black Arrow progress

At the annual meeting of Black Arrow Group, the chairman, Mr. Arnold Edward, said the first five months trading showed results well in excess of last year.

Barring unforeseen circumstances there was no reason why the year's profit should not be substantially improved.

Parker Knoll advances to £2.5m—pays 108% more

A SHARP increase in profits and a dividend total effectively boosted by 108 per cent are announced by Parker Knoll, the furniture manufacturing group, for the year ended July 31, 1979.

Second-half profits, before tax, show an advance of 38 per cent to £1.52m taking the total for the year up by 46 per cent to a record £2.53m. Sales were 17 per cent higher at £23.2m. The final dividend is 4.275p raising the total from the equivalent of 2.401p to 5.0p.

The big improvement in the second half was largely due to an upturn in furniture division productivity, which during the last quarter was 14 per cent up on the previous year. Furniture division sales rose to £13.4m, which represents a significant increase in real terms.

The directors report that at the end of the year the division had a record order book and is currently working to capacity.

In the textile division external sales rose to £8.8m and profits were a record. Although the strong pound reduced export profitability, it had a beneficial effect on the cost of the fabrics which the division has to import. Overall margins are good.

At Mercia Weavers profitability continues to improve. The manufacture of tufted carpets has been discontinued and the division now concentrates on high quality woven Wilton carpets, for which there is a continuing demand at profitable prices.

Raymakers, acquired on August 1, is working to full capacity which will be increased by the purchase of additional Rapier looms during the year.

The directors report that the current year has started with a healthy order book and they believe that demand will remain strong during the first half. Thereafter, it is felt that disposable incomes will fall in real terms and as a result the market will contract.

Referring to the diversity of the group the directors state that at times of fluctuating consumer spending power this policy will stand the group in good stead and they view the future with confidence. In 1978-79 profits were split as to 43 per cent from furniture and 57 per cent from textiles and carpets.

The net profit came out at £1.32m, compared with £0.86m, and earnings per share are stated at 19.4p (12.6p). The accounts show a prior year adjustment of £1.75m (£1.72m) which arises from the implementation of SSAP 15 with consequential adjustments for tax and earnings per share in 1978.

	1979 £000	1978 £000
Group sales	23,191	19,798
Trading profit	2,526	1,942
Exceptional expense	—	214
Profit before tax	2,526	1,728
Taxation	1,206	871
Net profit	1,320	857
Dividends	339	163
Retained	981	694

The application of SSAP 15 together with a revaluation of the group's premises has, with the additions of retained profit in the current year increased shareholders' funds from £6.3m to £11.8m with a consequent rise in net assets per share from 92p to 168p.

● comment

Excluding 1977-78's exceptional debit, Parker Knoll's full-year profits show a 30 per cent rise from a low base, reflecting a big push in the last quarter. Over the past year the company's main headache has been its inability to manufacture enough furniture to satisfy buoyant demand. But the latest productivity agreement seems to have done the trick and the factories are reportedly operating at full capacity. This helped to improve margins along with an increase in selling prices and higher investment income. Elsewhere, the textiles and carpets side of the business appears to have done well with the strong pound being more a help than a hindrance. The current order book will keep prduction at full stretch for a good few months but the outlook for later in the year is not so clear, although the new acquisition will help profits along. This is reflected in the ratings where the shares, at 98p, are on a p/e of 4.8 while the yield is a well covered 7.6 per cent.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Arncliffe ....int.	1.6‡	Nov. 21	Nil	—	[illegible]
Boddingtons' ......int.	1.75	—	1.4	—	2.91
Cakebread Robey int	0.6	Jan. 7	0.5	—	1.52
Chambers and Fargus...	0.6	—	0.48	0.75	0.49
Dickinson Robinson int.	3	Nov. 5	2.81	—	7.82
Energy Services ...int.	0.25	Jan. 4	0.2	—	0.5
European Ferries ...int.	1.5	Jan. 2	1.1	—§	3.08
Fisons ....int.	6.89	Jan. 2	6.0	—	14.35
Kwahu	1.84	Nov. 9	1.84	1.84	1.84
Metalrax ....int.	0.82	Oct. 26	0.41*	—	1.23*
Parker Knoll	4.28	Nov. 3	1.75*	5.0	2.4*
Spear and Jackson int.	3.58	Jan 4	3.58	—	9.38
Tarmac ....int.	5	Nov. 9	3.99	—	10.95

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Gross payment. Company went public October 1978. § Final of 3p forecast.

Ransome Hoffman Pollard to pay £1.7m for Clifford & Snell

Ransome Hoffman Pollard, the UK's biggest bearings manufacturer, has made an agreed £1.7m bid for Clifford and Snell, the electrical and electronic engineering group.

Already certain Clifford holders have irrevocably agreed to accept the offer in respect of 2.32m shares representing 50.4 per cent of the group's capital. Of these acceptances 532,684 ordinary shares are beneficially held by the Clifford directors.

The Clifford directors said yesterday that they considered the acquisition to be in the best interests of the company and its employees since "RHP, through its electrical activities, will be able to help Clifford and Snell with production facilities and skills, with marketing arrangements in the UK and overseas and with improved financial controls and resources."

The terms of the bid are three Ransome shares for every five ordinary of Clifford.

On the basis of a 61½p share price for Ransome at the close of business on September 21 the offer is worth 36.9p per ordinary share in Clifford and values the company at £1.7m. Yesterday Ransome's shares fell 1½p to 60p, while Clifford's closed at 33p.

Clifford trades as an electrical and electronic engineer with particular interest in the marine, communication and safety fields. In the year ended March 31, 1979 it reported sales of £2m and pre-tax profits of £244,000.

Ransomes said yesterday that its own electrical interests are growing rapidly and are contributing to an increasing proportion of the group profits. These will be strengthened by the acquisition.

Clifford preference holders are to be offered 100p for each of the 6,676 5.6 per cent (formerly 8 per cent) cumulative preference shares of £1. This offer will be conditional on the ordinary offer becoming unconditional.

Decca meets major holders

Decca, the defence, marine and consumer electronic group, held a meeting yesterday with Prudential Assurance and the Kuwait Investment Office, two of its major shareholders. But the Prudential and Decca both declined to say what had happened, while the Kuwait Investment Office does not comment on its investments.

Sir Edward Lewis, chairman of Decca, although declining to confirm that the meeting had taken place at all, said plans were afoot to strengthen the board of five. Mr. N. N. G. Maw joined the board in April but Sir Robert Adeane died in May. A new appointment would be a non-executive director, said Sir Edward.

As for his own position, Sir Edward, 79, said he would not go on for ever but his departure was not imminent. He would do what was best for the company, he added. Decca had a rapid profits growth in the early 70s but has not yet improved on its 1973-74 result of £16.3m pre-tax.

Yesterday's meeting came 11 days after Decca announced a loss of £5.26m for the year to March 31, 1979. Decca blamed the strength of the pound, rising labour costs and higher interest charges for the loss. Sir Edward said then that "a good bid for the television business, or some sort of co-operative venture, might be considered" but declined to comment on take-over speculation.

The Prudential owns 7.36 per cent and the Kuwait Investment Office 9.89 per cent, according to the most recent Decca report and accounts.

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Fisons down 35% midway but recovery forecast

SHARP FALLS in the agrochemicals and fertilisers divisions coupled with the adverse effect of the strong pound left first half 1979 *profits of Fisons* 35 per cent lower at £7.34m.

Sir George Burton, chairman, says that as forecast at the AGM the results were badly affected by external industrial disruption and the bad weather in the first four months. However, the underlying trend of the business is sound and in the remainder of the year he expects a recovery over the first half.

Sir George points out that although the two agricultural divisions were badly affected—showing falls of 73 per cent and 83 per cent respectively—horticulture also suffered, particularly on the peat moors from bad weather. For the pharmaceuticals and scientific equipment divisions growth of over 10 per cent was achieved.

The strength of sterling cost the group more than £1m in overseas earnings.

The acquisition of the Dutch AAgrunol group was completed in April and made a modest contribution to profits in the period. The purchase of the Howlett peat business will enable the group to meet the increasing demand for peat-based products.

The recently announced agreement to purchase *Agricultural Holdings Company, a seeds and* engineering business, will add some £20m per annum to turnover of the fertilizer division as well as contributing new operations and products to the horticulture and scientific equipment divisions. The purchase last week of two Australian companies will establish the group's scientific equipment interests in South East Asia and Australasia.

	Six months 1979 £000	1978 £000
Sales	206,537	185,301
Trading profit	9,256	12,724
Associates	1,254	831
Activity profit	10,510	13,555
Agrochemicals	459	1,717
Fertilisers	498	2,941
Pharmaceuticals	6,310	5,743
Scientific equipment	2,787	2,496
Horticulture	456	658
Short-term interest	995	95
Deb. and loan interest	2,172	1,987
Profit before tax	7,343	11,473
Taxation	1,909	2,391
Minorities	*38*	*15*
Attributable	5,396	9,067

Commenting on the acquisitions made this year Mr. Ron Bounds, chief executive, says that despite short term problems, largely not of the group's making, all divisions are committed to expansion, of which acquisition is a major factor. Each division is involved in extending its product and/or geographical base by this means.

The first half net attributable profit comes through at £5.39m, compared with £9.07m, and earnings per share are stated at 14.5p (24.4p).

The interim dividend is raised from 6p to 6.896p net—the total for 1978 was 14.337p paid from profits of £22.9m.

The results of associate Rallis India have been consolidated from January 1, 1979. This follows an easing of the monetary restrictions affecting foreign stockholdings in India during the period December 31, 1974, the date when Rallis' results were last consolidated, to December 31, 1978. The effect is to add £14.2m to sales and £180,000 to activity profits for the six months to June 30, 1979.

Comparative figures have been restated from those published in last year's iterim statement following the change in accounting policy for depreciaton. Depreciation is now provided on all freehold and long leasehold buildings.

See Lex

21% rise for Energy Services

DESPITE difficult export trading and significant currency translation losses, Energy Services and Electronics, electric and electronic components, lifted taxable profit 21 per cent from £506,000 to £611,000 for the first half of 1979. Providing sterling is reasonably steady, Mr. Robin Rigby, the chairman, expects the improvement to continue for the rest of the year.

Sales by the group, whose interests consist of rental and sale of electronic equipment and a small interest in supplying engineering services to the U.K. and Italian oil industries, were 11 per cent better at £4.43m.

With SSAP 15 applied, the total tax charge for the half-year was £179,000 (£120,000) leaving earnings per 10p share at 1.14p (1.04p). The charge for overseas tax of £46,000 (£53,000) includes a notional amount of £17,000 (£53,000) which will be offset by relief on pre-acquisition losses of a German subsidiary acquired in 1976.

The net interim dividend is stepped up to 0.25p (0.3p)—last time a 0.3p final was paid from record £1.06m profit.

Attributable profit emerged at £429,000 (£383,000) for the six months.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims—Barrow Hepburn, Brent Chemicals International, A. F. Bulgin, I.D.C., Jove Investment Trust, Kleinwort Benson, Lonsdale, Office and Electronic Machines, Rowan and Boden, Sunlight Service, Tomatin Distillers, Unicorn Industries, United Newspapers, Waterford Glass, Watmoughs.

Finals—A.B. Electronic Products, Armstrong Equipment, Barratt Developments, Bluebird Confectionery, Ferry Pickering, Sizewell European Investment Trust, Sobranie.

FUTURE DATES

Interims—	
Beauford	Oct. 4
Bowthorpe	Oct. 9
British Syphon	Oct. 3
English National Investment	Oct. 23
F.C. Finance	Sep. 27
General Investors and Trustees	Sep. 27
Haden Carrier	Oct. 1
Howden (Alexander)	Sep. 27
Neill (James)	Sep. 28
Provident Life Assn. of London	Oct. 17
Samuel (H.)	†Oct. 2
Wace	Sep. 27
Finals—	
Bejam	Oct. 9
Lydenburg Platinum	†Oct. 3

† Amended.

Spear & Jackson margins ahead

AGAINST A difficult trading background, turnover of Spear and Jackson International was reduced from £21.28m to £18.71m, but pre-tax profits rose by 8 per cent from £882,000 to £953,000 for the first half of 1979. Margins of the steel saw and hand tool manufacturer improved by 1 per cent to 5.1 per cent of sales.

Last year's figures include the results of the Australian subsidiary, Spear and Jackson Holdings, which was disposed of in July, 1978.

With trading profits unchanged at £1.25m, the improved pre-tax result reflects a reduction in interest charges from £371,000 to £294,000.

After tax of £371,000 (£350,000) adjusted for SSAP 15, minorities of £15,000 (£31,000) and preference dividends, the net balance increased by £66,000 to £567,000.

Earnings per 25p share were up from 9.4p to 10.6p, while the interim dividend is kept as 3.575p net—last year's total was 9.375p on record £1.83m taxable profits.

Extraordinary debits for the period were £50,000 (£352,000) and relate to exchange losses. With the interim dividend again costing £185,000, the retained surplus emerged at £332,000 compared with a £36,000 deficit last time.

The company's financial position remains strong.

● comment

The half time profits from Spear and Jackson look unexciting. But taking out sales of £2½m and profits of £90,000 from the comparable period for the Australian operation now sold, and adjusting for the vagaries of the exchange rate which cost the latest sterling figures £1m of sales and £100,000 of profit, the overall result is reasonable enough. The half year to June also had to bear the costs of closing one of the UK tools factories—another £100,000 taken out of profits. The question now, as with all the engineering companies, is how well it can stand up to the current engineering strike. The industrial side is where it will be hit most as its own production and that of its customers will be affected. The hand tools side for the consumer market should fare a lot better. Overseas is a cushion and that accounts for some 40 per cent of production. France has turned round into the black from losses of about £100,000. All in all profits of perhaps £1.9m this year are in prospect—though this must be a very tentative figure in view of the current troubles. At 116p the prospective p/e (assuming 40 per cent tax) is 5.4 and an unchanged dividend yields 11.9 per cent—a return which gives plenty of support.

Chambers & Fargus

PROFITS before tax of Chambers and Fargus, seed crusher and edible oil refiner, rose from £127,652 to £213,297 in the year to June 30, 1979. This follows the midway recovery from a loss of £30,983 to a surplus of £100,785.

At that stage, the directors said forecasts for the second half were rather lower than for the first half because of the transport dispute and interruptions in crushing seed supplies.

Turnover for the year was down from £11.04m to £9.25m. A total of £110,048 (£64,337) has been transferred to deferred tax.

The net final dividend of 0.5p lifts the total to 0.75p. Last year a single payment of 0.49p was made. Earnings per 5p are shown to have risen from 1.77p to 2.89p.

DRAYTON CONSLD.

In last Friday's table of investment trust net asset values, the nominal figure for Drayton Consolidated Trust Ordinary was inadvertently given as 181.7p. This should have read 187.1p.

Companies and Markets

MINING NEWS

CSR hits good moly ore in NSW drilling

BY KENNETH MARSTON, MINING EDITOR

A POTENTIALLY major find of molybdenum has been made by Australia's big CSR industrial and mining group at Mudgee in New South Wales, reports James Forth from Sydney.

Three diamond drills have shown large intersections of ore with grades ranging up to a high 0.66 per cent molybdenum disulphide (MoS2).

Mineralisation lies close to the surface and has already been found to a depth of 426 metres over a strike (lateral direction) length of 325 metres.

A total of eight holes has been put down to date, but assays have not yet been received for all of them. The molybdenum occurs in "stockwork" forms as a mesh of narrow veinlets, which is common to some of the world's major molybdenum mines.

CSR yesterday released assays for three holes. DDH9 was continuously mineralised from 16 metres to a total depth of 294 metres. Grade was variable within this section with individual 3 metre intercepts ranging to 0.3 per cent. An 184m intersection, from 16m to 200m averaged 0.07 per cent.

DDH11 located 225m north east of DDH9, was continuously mineralised from 11m to a total depth of 200m. The average grade over a 90m section, from 11m to 102m was 0.06 per cent with individual 3m intercepts up to 0.4 per cent.

DDH13, 100m south of DDH9, was continuously mineralised from 17m to 426m. A 337m section, from 17m to 354m averaged 0.07 per cent, including a 51m section averaging 0.14 per cent. Individual 3m intercepts ranged up to 0.66 per cent.

While much more work remains to be done the grades encountered are high by world standards. Some major molybdenum mines are being worked with cut off grades around 0.07 per cent, although they also produce copper.

CSR says that no cut off has been used in calculating the figures given as average grade. Assaying to date has been done by X-ray fluorescence methods on subsamples from split core over 3m drill core intercepts.

CSR points out that the lateral and vertical lengths of the mineralisation have yet to be established, and it is not known whether holes to date have penetrated the core of the mineralised zone.

The directors say that the commercial significance of the mineralisation can only be determined by further intensive drill testing and bulk sampling.

Molybdenum is mainly used to toughen and harden alloy steels and as a special lubricant in oil. The U.S. Amax group dominates the industry and sets a producer price, which is currently about U.S.$9 per pound. But the current strong demand has lifted free market prices to around $20 to $25 per pound.

Australia was briefly the world's leading produced of molybdenum, mainly from the New England area of NSW, in the early part of this century. The latest discovery is well to the south of this area and was largely the result of drilling to test theories by CSR's geologist.

CSR has been working in the area for about five years and was originally looking for base metals. About two years ago the company's geologists began working on theories that the regional geology was similar to that where some of the world's major molybdenum mines are found, such as Colorado and British Columbia.

SOUTH AFRICAN GOLD OUTPUT UP AGAIN

Amid the clamour for gold on the world's bullion markets comes news that South African gold production showed a further marginal increase during August.

The latest figures from the Chamber of Mines reveal that August output reached 1,922,353 ounces compared with a re-stated 1,894,845 ounces in July and 1,884,581 ounces in June. Thus production for the year to end-August totals 15,122,822 ounces against 15,105,860 ounces in the same period in 1978.

The Republic's output for the rest of the year should at least keep pace with that of the same period of 1978. In February this year Mr. Dennis Etheredge, chairman of the gold and uranium division of the Anglo American Corporation, said that South Africa's 1979 production will be only "a few tonnes higher" than the 703.8 tonnes produced in 1978.

Any strong surge in the bullion price has the effect of encouraging the mining of lower grade ore but this could well be offset by increased output at the Anglo American group's new Elandsrand mine which was officially opened in April.

Additionally, the Unisel joint venture of Selection Trust and Union Corporation is expected to reach full production in November, while the Gold Fields group's Deelkraal starts trial milling in the final quarter.

UMAL buys into beach minerals

Utah Mining Australia (UMAL) plans to diversify from coal to beach sands minerals with the purchase of a majority interest in the east coast miner, Mineral Deposits.

UMAL is an Australian-owned locally listed company and has a 10.8 per cent equity in Utah Development (UDC), which earns the bulk of its profits from major coal mines in Queensland. Umal also has a 4 per cent direct interest in Central Queensland Coal Associates which operates most of the Queensland coal mines, and is majority owned by UDC and Mitsubishi Development.

The deal will be achieved through UMAL's purchase of all the issued capital of Titanium Alloy Manufacturing (TAMCO), a wholly-owned subsidiary of NL Industries of New York (formerly National Lead). TAMCO holds 84.9 per cent of Mineral Deposits and 70 per cent of die casting group, Doehler Australia. It also owns 90 per cent of petroleum services company, Broid Australia Pty, but this interest will be sold back to NL Industries.

UMAL will pay cash for TAMCO but the amount is yet to be determined exactly. Based on Mineral Deposit's market price on Friday of A$1.15, this interest would be worth close to A$12m (£6.3m).

UMAL claims the purchase is to diversify the company's sources of income. NL Industries is selling because it wants to concentrate on its petroleum service activities. There will be no change in management of Mineral Deposits.

UMAL has held talks with Mr. O. D. Paterson, who has been managing director of the companies for at least 11 years and he will continue in his position.

MINING BRIEFS

GOLD AND BASE METAL MINES—Output of tin concentrates (73 per cent grade) for August: tin 26 tonnes, columbite 1 tonne. Eight months ended August 31: tin 205 tonnes, columbite 4 tonnes. Eight months ended August 31, 1978: tin 187 tonnes, columbite 3 tonnes.

RAHMAN HYDRAULIC TIN—August output of tin concentrates 77 tonnes tonnes (July 65 tonnes).

CONZINC RIOTINTO—Sri Timah dredge production for August 55.07 tonnes (July 24.90 tonnes).

Soviet Mining does not have U.S. handicaps

THE U.S. mining industry has invoked the threat of the Soviet Union as a reason for alleviating regulatory restraints on its operations, reports Paul Cheeseright from the American Mining Congress in Los Angeles.

The national economic well-being and defence posture of the U.S. are being threatened by an apathetic attitude in Washington towards the erosion of the mineral industry, said Mr. Simon Strauss a director of Asarco, the base metals group. Mr. Strauss is the chairman of the AMC Committee on Minerals availability.

Industry analysts note that although the U.S. industry has frequently preached the advisability of minerals self-sufficiency for the U.S. this is the first time it has drawn a comparison between U.S. and Soviet Union resource policies to buttress its case for a relaxation of domestic controls.

"One cannot conceive of a Soviet mining project being delayed or suspended because of pressure from local residents over issues of land, air or water pollution," Mr. Strauss added. He contrasted the Soviet Union's emphasis on achieving minerals self-sufficiency with what he saw as the lack of U.S. steps in this direction, concluding that the U.S. is running grave strategic risks.

SOARING GOLD BOOSTS ASA

THE STRENGTH of the bullion price and the resultant increases in prices of South African gold shares have made a significant impact on the Johannesburg registered ASA which acts as a vehicle for U.S. investment in South African mining issues.

In the report for the nine months ended August 31 the company states that total net assets rose to R275.3m or U.S.$327.6m at that date compared with R241.3m or U.S.$284.8m on May 31.

Net asset value per share, calculated on September 13, was R28.90 (U.S.$34.68) against R25.14 (U.S.$29.66), an increase of almost 15 per cent.

The report also reveals that in the third quarter ASA sold its remaining 24,900 shares in Elsburg as well as reducing its stake in St. Helena by almost 33,000 shares and its holding in Western Areas by 3,000 shares. ASA's holdings in East Driefontein and Buffels were increased by 8,800 and 5,000 shares respectively.

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W. L. Pawson's £1m package

BY TERRY GARRETT

A DOUBLE acquisition package costing just over £1m was announced yesterday by textile manufacturing and retailing group, W. L. Pawson and Son. The move significantly increases Pawson's presence in retailing and for the first time takes it into the market for wholesaling imported clothing manufactured in the Far East.

Part of the consideration for the two purchases amounts to £776,000 in cash and this will be financed by a £750,000 three-year loan from merchant bankers Keyser Ullmann.

Mr. Stanley Wootliff, chairman of Pawson, said yesterday that the latest deals on top of the recent acquisition of Silhouette (London) were likely to raise the net borrowing figure to around £7m by the next balance sheet date in February. Aout half this sum will be short term debt, though he makes the point that February is a seansonally high point for debt.

Details of the acquisitions show that £500,000 is being paid for Lancashire and Cheshire Rubber Company a company operating 21 shops selling ladies clothing. Net assets of LAC are £621,000. It made losses of £21,000 in the year to July 1978 on sales of £662,000 but the latest figures, not yet available, are expected to show an improvement.

Consideration will be £465,000 in cash with 54,687 Pawson shares to be retained by the vendor.

Mr. Wootliff said that he does not anticipate any shop closures, and because L and C fits in so closely with Pawson's existing Wilberforce chain of 11 shops it could be turned round into the black "in a couple of weeks."

The other acquisition is G. R. Frankel for £535,000—£311,000 in cash plus 350,000 shares. The vendors will be retaining 200,000 of these shares and brokers Capel-Cure Myers and Henry Cooke Lumsden have placed the rest. There is a deferred consideration based on profits with a maximum of a further £150,000.

Frankel will be Pawson's first involvement with importing and unlike L and C where Pawson is buying assets, the Frankel acquisition is mainly seen as buying expertise. Mr. G. R. Frankel will continue as managing director and has entered into a four-year service agreement.

Profits last year from Frankel amounted to £134,000 on sales of £1.75m. Frankel imports a range of mens, ladies and youths clothing principally from the Far East and has a broad spread of customers in the UK including a number of the major multiple chain store groups.

Parker Timber shares fall on Harrisons offer terms

Shares of Parker Timber fell 12p to 228p yesterday on news of the takeover terms being offered by Harrisons and Crosfield.

The diversified plantation company is to make an agreed bid of £14.1m in shares with a cash and shares alternative. The offer is worth 235p per Parker Timber share. The directors of Parker and certain other shareholders have irrevocably agreed to accept in respect of their holdings of 11.1 per cent and 21.5 per cent respectively.

If successful, the takeover will make H and C the fifth biggest timber group in the UK behind Montague L. Meyer, Mallinson-Denny, International Timber and Magnet and Southerns, claimed H and C yesterday.

H and C is hte biggest plantation company in South-East Asia but has diversified into chemicals and timber merchanting. The plantation side became much bigger than the other two after a series of takeovers in the past few years. H and C has since been trying to add to its chemical and timber interests to redress the balance. Most recently it announced agreement in principle to buy the Texas-based chrome chemicals division of PPG Industries Inc. The run of purchases outside plantations makes the group bigger and less attractive to Far Eastern interests which would like to acquire H and C for its plantations.

The businesses of Parker Timber and Sabah Timber, the timber merchanting subsidiary of H & C, are complementary, said Mr. Tom Prentice, chairman of H & C yesterday. Parker has operations in many centres such as Liverpool, Manchester and Bristol where Sabah does not. The only areas where there was some duplication were Scotland and the South East, he said, but even here the two companies had a different emphasis. Sabah was mostly in timber merchanting and builders merchants whereas Parker had bigger interests in plywood and packaging.

The proposed merger of the two would also lead to greater buying strength, distribution efficiency and a broader base for overheads, he added. Parker made a pre-tax profit of £2.3m and after-tax earnings of £1.3m in the year to March 31, 1979.

The offer, which is unanimously recommended by the directors provides that for every 100 shares in Parker, holders are to be offered 40 H & C shares or 27 H & Cash and £76 cash. Shares of H & C fell 13p yesterday to 587p.

LONDON INVESTMENT SUSPENDS SHARES

London Investment Trust group, once headed by Mr. Oliver Jessel, yesterday requested the suspension of its shares pending the announcement of a major acquisition.

The company, which had a market capitalisation of £2.4m at yesterday's suspension price of 14p, is expected to announce details of the acquisition this morning, according to Mr. John Arthur, the chairman.

FIH MAKES £98,000 PROFIT ON BREEDON SALE

A PROFIT of £98,000 has been made by Ferguson Industrial Holdings from its investment and subsequent disposal of shares in Breedon and Cloud Hill Lime Works.

In an announcement yesterday Ferguson said that it had reduced its holding Breedon to 4,300 shares by the sale of 420,000 at 128p each.

The total cost of the 420,000 shares was £437,000 and the proceeds from the sale, net of selling expenses, was £535,000 giving Ferguson a profit of £98,000. This is subject to capital gains tax of £29,400 payable in January, 1981.

The entire proceeds of the sale, the group said yesterday, will be used immediately to reduce borrowings and in the longer term to assist Ferguson in its acquisition and investment programme.

NO PROBE

The proposed acquisition by Reliance Group Inc. of a minority interest (20.1 per cent) in Rothschild Investment Trust is not being referred to the Monopolies and Mergers Commission.

Dutton-Forshaw rumours

Shares of Dutton-Forshaw Group, the motor vehicle, construction and agricultural equipment concern, rose 6p yesterday to 54p on bid rumours.

Lonrho was rumoured to be interested. Mr. R. F. Hockin, chairman of Dutton-Forshaw, said yesterday: "I have heard abou tthis rumour. But I have no knowledge of such an approach and have no comment to make."

It is understood that although Lonrho has shown interest in the company from time to time, along with other potential bidders, no formal talks are taking place at the moment.

ROYCO

Royco Group has been informed that Supreme Investments, owned by Mr. R. H. Strudwick, chairman and managing director of Royco, has purchased a further 225,000 ordinary shares at 49p. The total holding of Supreme is now 7,335,473 shares (36.67 per cent).

DUBILIER

M. I. T. Securities on September 6 sold 2m shares (8.51 per cent) of Dubilier. This represented all its holdings.

YULE CATTO

Kuala Lumpur Kepong Bhd has acquired a further 100,000 Yule Catto ordinary shares bringing its holding to 4,522,416 (27.24 per cent).

WIGGINS CONSTRUCT

The formal offer by Wiggins Construct for Scandinavian Homes shows that the combined indebtedness of the two group's amounted to £6.1m at September 5, 1979.

As reported September 22, Wiggins has exchanged contracts for the acquisition of SH for £700,000. This deal is subject to shareholders' approval at an EGM called for October 10.

After the share issue in connection with the acquisition some 13 per cent of the Wiggins authorised capital would remain unissued. It is proposed to raise this proportion to 23 per cent by the creation of 1m shares.

Among the group's reasons for the purchase was a desire to strengthen Wiggins' management resources. Mr. C. C. Wiggins, the chairman, believes the acquisition will help achieve this objective.

In the negotiations Wiggins was advised by Hill Samuel and Co

JOHN FOSTER'S AUSTRALIAN SALE

John Foster and Sons, spinner and weaver, is selling all but 10 per cent of its holding in its Australian subsidiary John Foster Valley in cash deals worth a total of A$663,128 (£278,500).

Rangatira of Wellington, New Zealand, is buying 0.91m of the ordinary and 100,000 $2 preference shares are going to a private buyer.

The Bradford-based group is to use the proceeds to reduce its borrowings.

Based on the book value of John Foster Valley's net assets at June 30, 1978, the value of shares being sold is $971,350 (£481,000). For the year to March 2, 1979, the net profit attributable to this holding was £27,542.

SHARE STAKE

Benlox Holdings — Newsan Investments no longer has a notifiable interest.

Chairman's statement

Hartebeestfontein Gold Mining Company Limited

Incorporated in the Republic of South Africa

Higher gold prices and improved uranium sales lift profit; acid plant commissioned — Mr Basil E. Hersov

Results for the year were again very pleasing. Earnings, after capital expenditure, loan repayments and a transfer to general reserve for funding State loan levies, amounted to R48 million (1978 — R32 million), equivalent to 425 cents per share (1978 — 283 cents per share) and dividends of 400 cents per share were declared (1978 — 250 cents per share). Several factors contributed to the improved earnings. Firstly the gold price continued to increase and averaged $230 per ounce for sales during the year (1978 — $176). Whilst capital expenditure remained high at R17,05 million, it was partly offset by a consumer loan of R5 million obtained under a uranium contract. Finally, profits from uranium, pyrite and acid production amounting to over R31 million (1978 — R11 million) made a significantly increased contribution to pre-tax profit.

It is appropriate to remind members that the Company has always endeavoured to distribute the balance of available earnings during the year in which they accrue, after providing for known cash requirements in the immediate future. Consumer loans are taken into account when computing the year's earnings and can materially affect the amount available for dividends in that year. In 1978 a consumer loan contributed 103 cents per share and this year the corresponding amount was 45 cents per share. In terms of the contractual arrangements, repayment of the two major loans of R11,6 million and R5,04 million will be made by regular instalments over the periods of the supply contracts and these repayments will reduce the earnings then available for dividends. Repayment of these loans will take place between 1981 and 1987.

On the operational side, 2,885 million tons of ore were treated, the gold recovery grade of 10,9 grams per ton reflecting the expected decline as higher tonnages are mined in the westerly part of the lease. The expected drop in grade was offset to some extent by an increase in the rate of waste sorting which averaged 24 per cent in the June quarter, which rate should be maintained. A full labour complement made it possible to build up a stockpile of ore on the surface which will serve to cushion variations in production and help to maintain an even plant throughput. Uranium production showed little change from 1978, but profit was significantly higher as a result of increased sales and improved prices. The acid plant was commissioned in April 1979 and will absorb the mine's total output of pyrite.

During the year an agreement was concluded with Vaal Reefs Exploration and Mining Company Limited which allows the Company to tribute an area of 53 hectares, which will be mined as an extension of the No. 4 shaft workings. Values are expected to be similar to those in the adjacent portion of the Company's own lease area. With the plant operating at capacity the effect of the agreement will be an extension of mining life and the higher grade from this area, compared with the areas that would otherwise be mined, will tend to moderate the forecast decline in overall grade.

Unit costs for the year were R36,44 per ton milled, an increase of 16 per cent over the R31,47 recorded in 1978. The equivalent cost in terms of ounces produced is $123,95 (1978 — $101). Further escalation in costs can be expected in the current financial year with anticipated increases in prices of fuel, steel and power. To reduce its dependence on petroleum products, the mine has embarked on a programme designed to conserve fuel.

In general, labour relations were satisfactory throughout the year despite a short illegal strike by some members of the Mine Workers' Union. In concert with the other members of the mining industry, the Company strives to improve labour conditions by means of training followed by job advancement. This accords with the objectives of the Company's Code of Employment Practice which are to strive for the removal of discrimination based on race or colour, to promote sound and harmonious employer/employee relations, to create employment opportunities and progress towards a uniform pay scale. Work continues on the improvement of living and working conditions and communication between management and employees aimed at establishing a more stable and effective labour force. In the field of safety, continuous research into methods of avoiding accidents is undertaken by specialists at the mine and at the Company's head office, very often in co-operation with the Chamber of Mines Research Organisation. Much of the effort is concerned with minimising the effect of seismic events and a fair degree of success has been achieved.

Capital expenditure is expected to total R24 million in the current year. This includes major expenditure on both gold and uranium plants, white and black housing, emergency power generation equipment, refrigeration, ventilation and development. Most of the projects were initiated in 1978 and referred to in last year's report. In particular, work on the extension to the uranium plant to treat an additional 45 000 tons per month and the upgrading of existing gold and uranium plant facilities is well under way and accounts for a considerable proportion of the total anticipated expenditure. Expenditure will also be incurred in conserving fuel, principally by replacing underground diesel locomotives with battery operated units. Underground conditions are such that large-scale expenditure on refrigeration will continue throughout most of the mine's remaining life as workings become more extended.

Plans for the current year, taking into account the higher sorting rate, are to mill 2 900 000 tons of ore at an expected recovery grade of 11,4 grams per ton.

Results of gold operations will, as usual, depend on the gold price and its relationship to working costs, which are expected to escalate at a similar rate to that experienced last year. Profit from sales of uranium oxide, in terms of contractual arrangements for deliveries, will be lower than in 1979. Production over the medium term has largely been sold on contract, but endeavours will be made to dispose of any surplus production on a "spot sale" basis.

Basil E. Hersov *Chairman* — 30 August 1979

The annual general meeting of the company will be held at Anglovaal House, 56 Main Street, Johannesburg on Monday, 22 October 1979 at 11h00.

Metalrax exceeds £1m and doubles interim

A RISE of some 24 per cent in taxable profit and, effectively, a doubled net interim dividend is announced by Metalrax (Holdings) for the first half of 1979. On turnover of £10.22m, against £8.13m, the engineering group raised profit from £923,000 to £1.15m.

Mr. John Wardle, the chairman, is cautious about the outlook for the second six months. He says that were it not for the effects of the engineering industry dispute on customers and suppliers as well as Metalrax's own operation he would have been extremely confident.

The interim payment is raised from an equivalent 0.409p to 0.82p and costs £146,000 (£73,000), and the chairman says members may confidently look forward to a significantly higher final. For 1978 an adjusted total of 1.23p was paid from record profit of £2.11m.

Tax for the half-year took £598,000 (£480,000) leaving the net balance up from £443,000 to £550,000 of which £545,000 (£438,000) was retained.

At the annual meeting in May it was stated that despite a poor start to the year due to the bad weather and transport strike the group was performing well.

● comment

Just over 10 per cent off the annual high at 68p, unchanged yesterday, the Metalrax share price has held up reasonably well against a very dull sector and the signs are that the group will be in the forefront of a market recovery when the engineering strike ends. For the moment, howevr, bullish noises concerning the final dividend could be silenced if the dispute deepens and the effects of a 24 per cent interim advance could be undone. Wilkinson came in for three months, but this was a seasonally quiet period, and Fray contributed for a full half-year against two months last time. Cash flow is still buoyant and Metalrax has by no means finished its acquisition effort. Consumer branded goods, following the Progress-Bakeware deal, is an obvious target area and the group is in any case confident about its organic growth prospects. But like every other engineering employer, it will start counting the full cost of the dispute when the holiday ends next Monday and a very healthy earnings track record may be broken.

A mining man's view on gold

THE BELIEF that "the gold price will continue to exhibit a rising trend in the long term, albeit perhaps of a more modest magnitude than recently experienced" is expressed by Mr. D. T Watt in his annual review with the report of the South African gold and uranium-producing Blyvooruitzicht.

He says: "The stability, strength and performance of the U.S. economy will continue to be the single most important factor in the determination of the gold price."

As far as South African mine labour is concerned, Mr. Watt points out that while there is an adequate supply of unskilled labour, there is a shortage of skilled men and he calls for the higher grade jobs to be opened to black employees.

Blyvoor received an average price for its gold of $231 per ounce in the year to last June and raised its working profits by 84 per cent to R76.5m (£42.4m). It also negotiated a new sales contract which will cover most of the mine's previous uncommited estimated production of the material.

Meanwhile, he expects uranium supplies to continue to exceed demand in the short term. As far as Blyvoor's dividend prospects for the current year are concerned he reckons that the total will "comfortably exceed" the 105 cents paid for 1978-79.

In the case of the marginal gold and uranium producing Harmony which recently boosted its interim dividend for the year to next June to 85 cents, Mr. Watt says that the next dividend —due in March—could be of the same magnitude. Thus a total of some 170 cents is on the cards for the current year compared with 90 cents in 1978-79.

Mr. Basil Hersov makes no dividend forecasts in his statement with the annual report of Hartebeestfontein, pointing out that uranium profits will be lower in the current year while gold earnings will depend on the relationship between the gold price and the rise in the mine's working costs.

The latter are expected to increase at about the same rate (16 per cent) as in 1978-79 so, here again, increased dividends are on the cards if gold prices are maintained at anywhere near current levels.

OIL AND GAS NEWS

Esso find offshore Brazil

Esso, drilling under a risk contract with Brazil's national oil company, Petrobras, in the Santos Basin off the south-east coast, is reported to have found an estimated yield of 20,000 barrels a day of very light oil from a well located 210 km south-east of the port of Santos, reports Diana Smith from Brasilia.

According to Petrobras, work is now being carried out on the well, so as to increase the flow of oil to surface.

After nearly two years of risk contract drilling by several foreign oil companies in the Santos area, the Esso find is the first reasonably satisfying sign of oil in the basin. Currently, with a renewed drive to find domestic oil, Petrobras is under Presidential instructions working on a review and extension of its risk contract system.

* * *

The dynamically positioning drillship Sedco BP 471, working on the Jupiter wildcat well for Phillips Petroleum on North West Australia's Exmouth Plateau, has suffered another setback, reports Don Lipscombe from Perth.

Phillips reports that electrical cables are being replaced to major components to ensure and maintain the integrity of the ship's drilling and dynamically positioning systems.

There was no progress in the past week with the well at 4,640.5 metres. It was spudded in on May 19 and has recently recovered a blow-out preventer stack dropped in 960 metres of water. Partners in the well are Mobil, BP, Gulf and Australia's Mount Isa copper miner MIM Holdings.

* * *

Maraven, one of the Venezuelan state oil monopoly's operating subsidiaries, has struck oil off the east coast of Venezuela following ten months of wildcat drilling in Caribbean waters, reports our Caracas correspondent.

It is the third discovery made by Venezuelan state oil firms since they began a two-year, US$175m (£81m) offshore drilling programme in October, 1978.

Maraven's discovery well, MTC 1X, tested 1,000 barrels a day of light 30 gravity API crude, from tertiary sands at 9,100 feet. The well is located between the islands of Margarita and Tortugas in the Tuy-Cariaco basin.

Maraven said that the producing structure was large and the strike particularly interesting since the area is totally virgin.

The Maraven strike was made by the 13,500-ton semi-submersible drilling rig Ocean Rover which was previously operating in the North Sea.

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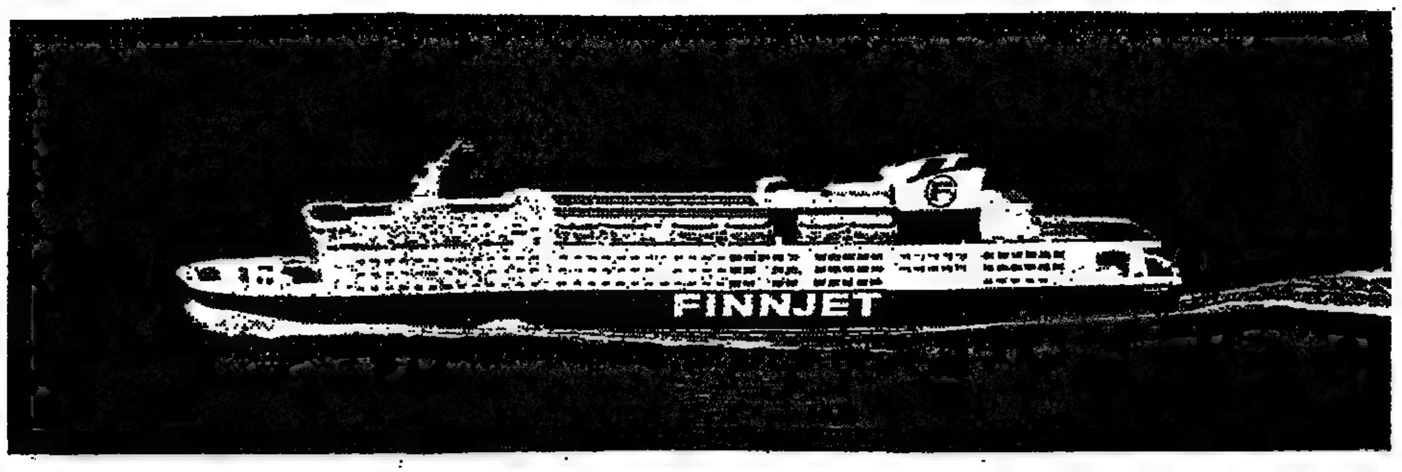
'Floating bridge' across the Baltic

BY LANCE KEYWORTH in Helsinki



THE STORY of the GTS (gas turbine ship) Finnjet is a chronicle of how far-sighted shipping men and innovative naval designers adapted civil aviation ideas to build a "floating bridge" across the Baltic Sea between Finland and West Germany.

Oy Finnlines, a ship management company established in 1947, started in the Baltic passenger ferry trade in 1962. It realised within a year that its forecasts for the development of passenger-car ferry traffic on the Hansa Route, as the dash to the north coast of Germany is known, were too conservative.

Its third generation ferry, the MS Finnhansa, was "stretched" by 300 berths while she was still on the drawing board. Six years later, Finnlines started thinking about a fourth generation of ferry, and this finally took the form of GTS Finnjet, the unique creation of Finnlines and Oy Wärtsilä Ab, a shipbuilding and engineering company known world-wide for its icebreakers, luxury cruise ships and other specialised vessels.

The conventional ferry then took two days to cover the 600-mile route in each direction. Finnjet was to halve the time and double the passenger capacity, replacing the two conventional ferries plus a third that plied the route part time. The 24-hour timetable requirement called for speed not only at sea but in turn-round time at the Helsinki and Travemunde terminals.

For speed, the aircraft gas turbine engine was adapted to marine use. For fast turn-round time, the cargo handling, cleaning, catering and passenger flow systems were revolutionised, borrowing a lot again from the experience of commercial aviation. There were other considerations special to the Baltic, such as ice conditions.

In effect, Finnlines presented a travel package around which Wärtsilä tailored the Finnjet. *She was ordered in 1973 during* the first oil crisis and made her maiden voyage in May 1977. Powered by two Pratt and Whitney gas turbine engines with a total output of 75,000 shp (55 MW), her speed is 30.5 knots (24 knots on one engine), enabling her to race from Helsinki to Travemunde in 22 hours. Her length overall is 212.8 metres and she has 1,532 passenger berths. She can take 350 cars or 53 lorries.

She has a 1A Super Finnish Ice-Class rating. The most powerful ice-breaker in the Gulf of Finland has an output of 22,000 shp, while the Finnjet produces 37,500 shp with one engine. During her tests, she did 28 knots in 30 cm thick ice. She is a ship for all seasons.

High fuel consumption is a problem with all gas turbine engines. The Finnjet's nominal fuel consumption is 274 kg on light fuel oil per MW-hour. This works out at 600 tonnes *per round trip when running at* full speed in the four peak tourist months. When running *to a slower schedule on one* engine between October and May the average fuel consumption is 300 tonnes less per week, i.e., for two round trips. Lubricating oil consumption is very small compared with diesel engines.

As the gas turbine engine is improved, a 15 per cent reduction in fuel consumption will be possible, and Finnjet is designed to allow for a switch to a new generation of gas turbines. "For the present," says Mr. Olavi Pylkkänen, vice-president and general manager of Finnlines, "If you work out the consumption in terms of kg/passenger mile, Finnjet consumes no more than the conventional ferries."

Finnjet's fuel consumption accounts for somewhat less than one-third of total running costs. To save fuel costs, Finjet is planning to switch to a lower grade fuel, called intermediate fuel, which is somewhat heavier than the light fuel oil used at present. *Test runs with the new* fuel will begin at the end of this year and the change to the new, less costly fuel, will be made in 1980.

The cost of Finnjet was Fmks 230m (£27m) in 1973. To this must be added the considerable investment by the cities of Helsinki and Lubeck in building the special terminal facilities without which the turn-round time of 90 minutes would be impossible. The terminals are more reminiscent of airport terminals than the passenger ship port facilities.

In spite of all the rationalisation and computerisation, Finnjet is built as a luxury cruise liner. Vibration and noise from the powerful engines have been *minimised by dropping the pro*pellers 0.7 metres below the keel, placing all the "hotel accommodation" forward and using double wall construction for the cabins. A first class double cabin is 12 square metres in size, is equipped with adjustable air conditioning, re*frigerator, radio and telephone,* and fitted for television (sets can be hired on board). The economy class cabins are one-third this size. The main dining saloon, *a la carte* grill room, dance lounge, night club and disco, to say nothing of seven bars, cater for all tastes.

The very tight sailing schedule of the Finnjet requires the highest possible operational reliability and the engineers have done their best to make the ship fail-safe. Almost everything is duplicated. The two propulsion units are completely independent, they even have separate bunker tanks. All the main machinery, such as pumps, filters and separators, is doubled. The ship even carries a third *gas generator which enables an* engine change at sea in six hours while still running on one engine. "In fact," says Mr. Martti Saarikangas, vice managing director of Wärtsilä, "the record engine change so far took two hours eight minutes from the time the captain pushed the stop button to the time the pressed the start button again."

"This is a ship for the 1980s," says Mr. Pylkkänen. "You can't start talking about returns on investment yet. But I can say that we have from the outset covered our operating costs with a margin to spare." In 1976, the two to three conventional ferries on the line carried 73,000 passengers. In seven and a-half months in 1977, Finnjet carried 145,000, last year 192,000 and the estimate for this year is 230,000. "Finnlines' passengers traffic turnover in 1978 was Fmks 115m (£13.5m), 34 per cent of the company total. The estimate for 1979 is about Fmks 150m, and we think that *1980 will be a very profitable year.*"

Finnlines believes that the capacity of the Finnjet will be adequate until well into the 1980s. The next step for the company is to develop a transport system to meet the needs of the Finnish export industry in the 1980s. It has under construction the new Juliana series of 10 modern cargo vessels which it claims will be able to carry almost anything almost anywhere, even in arctic conditions. For Baltic and North Sea traffic in the 1980s it has designed the Finnpuska system. This is a push-barge system in which the manned machinery section and the barge section (cargo space) comprise two *separate units.*

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Boddingtons climbs 32% to £1.8m at six months

WITH TURNOVER 18 per cent higher at £10.8m, taxable profits of Boddingtons' Breweries climbed 32 per cent from £1.38m to £1.81m for the first six months of 1979.

Volume of beer sales rose by 5.1 per cent compared with the same period last year, while the company's free trade increased by 28 per cent and now represents just over 18 per cent of its total trade.

However, last year's corresponding results were adversely affected by industrial action in February, 1978, which lasted for two weeks.

	First half 1979 £000	1978 £000
Turnover	10,181	8,533
Trading profit	2,051	1,511
Investment income	13	23
Bank interest	48	8
Debenture interest	14	14
Loan stock interest	15	15
Depreciation	173	121
Profit before tax	1,814	1,378
Taxation	770	457
Net profit	1,044	919
Surplus on prop. disposals	15	4
Attributable	1,059	[illegible]
Interim dividend	393	315
Additional 1977 final	—	4
Leaving	666	604

Mr. Ewart Boddington, the chairman, says that despite indifferent summer weather, sales volume has been well maintained and the board is confident of satisfactory results for the year.

In the previous full year, pre-tax profits reached £3.09m (£3.07m).

The programme of redevelopment in the brewery is proceeding on schedule and is expected to be completed by the middle of 1980.

Halfyearly earnings per 25p share are shown as 8.07p (6.13p) before tax and disposals of properties and as 4.65p (4.09p) after tax and before disposals. The interim dividend is raised from 1.4p to 1.75p net—last year's final was 1.51p.

Tax for the half-year took £770,000 (£457,000) and there was a £15,000 (£4,000) surplus on property disposals leaving attributable profits up from £923,000 to £1.06m. Comparatives have been adjusted so that deferred tax charge is in line with SSAP 15.

● comment

Good news from Boddingtons' Breweries sent the share price 5p higher yesterday to 111p. After a sluggish performance last year (caused by a strike and overtime ban), this company is coming out of the doldrums with a one-third increase in pre-tax earnigs—an improvement which stems from increases in both price and volume. The group, which has a market capitalisation of about £24m, is likely to spend about £1m on its brewery development programme, a sum which is reasonable in the light of a good cash flow. The 25 per cent increase in the interim dividend could well be duplicated in the final, for a prospective yield of 4.8 per cent this year. Analysts estimate 1979 pre-tax income of £3.9m, which could result in a fully taxed p/e of 13.2, somewhat on the high side, but not really worrying for shareholders with an interest in a regional brewery group which has demonstrated consistent growth.

J. E. Crowther

Pre-tax profits of John Edward Crowther (Holdings), woollen manufacturer and spinner, increased from £508,069 to £644,138 for the year ended March 31, 1979.

Tax takes £321,252 (£242,280) and the ordinary dividend absorbs £30,000 (£25,000).

The ultimate holding company is LAD Investment Co.

Mann Egerton motor profits up 4% so far

UNAUDITED PROFITS for the first quarter of the curernt year at Mann, Egerton and Co., a subsidiary of Inchcape and Co., indicate that its motor division has achieved results 4 per cent up on the same three months of last year, says Mr. J. W. D. Campbell, the chairman, in his annual statement.

Demand for new cars during this quarter has been strong, although intense price competition has reduced margins on certain models within the Leyland Cars range.

The chairman says it is too early to predict the effect of higher indirect faxation and substantially increased petrol costs upon the company's business, but he anticipates that trading conditions will be less advantageous during the latter part of 1979.

The outlook for the industrial division is dominated by the severe setback experienced with the Sheerlite acquisition. However, Sheerlite will be closed during the current year, enabling management to concentrate efforts on much more productive and profitable business within the division.

As already known, on turnover of £184m (£153m) pre-tax profits were 8 per cent lower at £4.32m after losses of £1.57m from Sheerlite.

DRG profit up by nearly £3m

TAXABLE PROFITS of Dickinson Robinson Group, the packaging, printing and specialised engineering group, increased from £9.7m to £12.5m in the first half of 1979, in line with expectations expressed at the annual meeting.

Mr. J. S. Camm, chairman, says that in the UK first quarter results were encouraging despite the effects of the road haulage dispute and the bad weather. In the second quarter, orders remained at a satisfactory level, but significant increases in the costs of materials, wages and overheads lowered profit margins.

Orders for the last two months have continued to be buoyant, except for the fine paper and board mills, he adds. But competition is keen.

The high level of interest rates in the UK will place pressure on customers to destock, he continues, but it is difficult to determine whether the effects of this will be felt before the year-end.

The engineering division is being hit by the industrial dispute, while the whisky bottlers' strike in Scotland is affecting the packaging division.

For the half-year, turnover reached £241.4m (£219.8m), while sales to customers rose from £194.1m to £215.7m. Tax took £2.7m, against £2.9m.

The net interim dividend is stepped up from 2.808p to 3p —last year a total of 7.816p was paid from pre-tax profits of £23.8m. Earnings per 25p share are shown to have risen from 7.4p to 11.1p.

The chairman says packaging division profits for the period maintained the improvement shown in the second half of 1978, although the export profits of the flexible packaging business were hit by the strong pound.

The generally high level of demand experienced by the consumer products activities contributed to higher profits, particularly for envelopes and stationery. The fine paper and board mills improved their performance, with the exception of the Croxley mill where low output and productivity are "a "serious cause for concern," the chairman adds. The Croxley mill lost over £1m in the first half, and the group is still trying to sort out these problems.

There was a cash outflow of £18.3m (£2.2m).

● comment

A generally cheerful story comes from Dickinson Robinson Group which has benefited from strong demand in the UK although higher costs were biting into margins in the second quarter and the strength of sterling has adversely affected the contribution of the overseas subsidiaries. The performance of sterling has favourably influenced imported pulp costs, however, and order books continue to be buoyant in most areas up to date. One important problem area is the Croxley paper mill where there are seemingly intractable labour difficulties and losses (despite a big order book) could stretch to over £2m for the full year. Moreover DRG remembers how demand collapsed back in 1974, and is worried that destocking pressures will be felt by its customers before long. That is one reason why it is being very cautious over its interim dividend decision. However, the group is still on course for, say, £28m pre-tax against under £24m, and the market rating remains very modest—the prospective fully taxed p/e is around 7 at 107p.

Harmony Gold Mining Company Limited

A Member of the Barlow Rand Group

(Incorporated in the Republic of South Africa)

STATEMENT BY THE CHAIRMAN, MR. D. T. WATT:

The attention of members is drawn to the report of the directors which describes in detail the results of operations at the company's mine for the financial year ended 30th June, 1979.

The period under review was notable in that a number of new records were set by the mine. Total revenue amounted to R257.4 million and this was the first occasion on which the annual revenue exceeded R200 million. The quantity of ore milled and treated for gold, at 7 144 000 tons, and the quantity of slime leached for uranium, at 5 111 000 tons, were also records and the summary of results discloses that these figures represent substantial improvements on the corresponding figures for last year. It is also notable that in September 1978, the ore milled and treated for gold was a record at 642 000 tons.

During the year ended 30th June, 1979 the gold yield decreased by 4 per cent to 4.45 grams per ton milled. This decrease in yield is consistent with the plan of operations and results from the increased tonnage of ore drawn from the lower grade areas. However, because of the substantial increase in the tonnage of ore milled, the total gold produced, at 31 766 kilograms, was 1 356 kilograms higher than in the previous year.

Revenue

The average price received during the year was R6 362 per kilogram of gold produced (equivalent to approximately U.S.$231 per fine ounce at R1=$1.1648) and was 35 per cent higher than the price received last year. As a result of the higher gold price received, and also the increased gold output, total gold revenue rose to R202.8 million, which is R59 million higher than last year.

Increases in the price of gold during the year led to the average revenue for gold rising by R6.42 per ton milled to R28.39 which is an increase of 29 per cent.

Revenue from uranium, pyrite and sulphuric acid increased by an amount of R22.2 million to R54.6 million. This is attributable mainly to better prices obtained on the sale of uranium and to a lesser extent the increase in sales volume.

Working expenditure increased by a total of R30.0 million or 20 per cent of the amount for the previous year. However, due to the increase in the tonnage milled the cost per ton milled increased by only 10 per cent which is below the industry average and arises out of the efforts of the staff at the mine to contain costs.

Commendable as this achievement may be, the increase in costs is still a cause of much concern, particularly in the case of a low grade proposition such as your company's mine. The cost component showing the biggest increase was "Stores and Materials" which was significantly influenced during the latter half of the year by the increase in the cost of transport and all petroleum-based products. In addition all employees were granted substantial wage increases at the beginning of the year under review. Increased electric power tariffs imposed an additional burden on mine costs. The mine's electric power costs now exceed R1.5 million per month.

Total working profit at R80 million is R51 million more than was achieved last year. The increase is mainly attributable to the higher gold and uranium revenue received. Due to the increased profits, additional cash fund were available for investment and in consequence interest received of R4 million is R2 million higher than in the previous year in spite of considerably lower interest rates. Taxation and State's share of profit amounted to R25 million compared to R1 million last year. The profit after tax at R59 million represents an increase of R29 million over the previous year. Appropriations for capital expenditure on mining assets absorbed R16 million leaving R43 million prior to dividend distribution. Dividends declared during the year increased to R24 million. The balance of R19 million when added to the retained surplus brought forward of R15 million, less the transfer to general reserve, resulted in a surplus at 30th June, 1979 of R32 million. On 13th September 1979, a dividend of 85 cents per share was declared. This increased distribution was largely due to the excellent financial results obtained during the latter portion of the period under review.

Capital Expenditure

Capital expenditure totalled R30.3 million which included R15.8 million spent on the new uranium plant which latter amount was provided by way of a consumer loan. The sinking of the new Merriespruit No. 2A ventilation shaft was completed during the year and the fans commissioned. The capital expenditure programme will remain high at R33 million for another year while the Merriespruit uranium plant is being completed. Capital expenditure should then reduce to a level of approximately R18 million per annum for the next few years.

Exploration of the ground between the De Bron fault and the western boundary of the mining lease area has been commenced and will continue in the new year. The results of the borehole detailed in the directors' report cannot be considered in isolation but must form part of the total assessment of the mining potential of the western sector of the lease area as well as the adjoining ground held under a prospecting agreement.

Employment Practices

The company is committed to the principles contained in the Barlow Rand Group Code of Employment Practice, and acknowledges its corporate responsibility to contribute to the prosperity of all the peoples in Southern Africa. As far as the implementation of this Code of Employment Practice is concerned, the company is bound to operate within the limits of certain pertinent legislation and legally enforceable industrial agreements.

The recently published reports of the Wiehahn and Riekert Commissions contain recommendations which are far reaching and, when implemented, will clearly go a long way towards eliminating racial discrimination in industry. Legislation which has been enacted in the wake of these reports is tangible proof that the Government has accepted the recommendations of the two commissions. This legislation has been criticised in certain quarters as being both inadequate and incomplete. This criticism may well have been founded on a lack of appreciation of the dilemma confronting the Government.

It must be realised that the attitudes of certain sectors of the white population to labour relations, and indeed all race relations, arise out of the acceptance of a social structure that has remained unchanged for many decades. Changing attitudes are perceived by these people as constituting a threat to society and their security. Forcing change at too rapid a pace will leave certain workers feeling threatened and could promote undesirable counterproductive reactions.

In this connection it is certain that political leaders are aware of the necessity to proceed cautiously in changing long established employment practices, but it is hoped that they will continue to make successive alterations to the legislation which will ensure that the required changes are implemented at the earliest date that is attainable in order to avoid significant social unrest developing amongst the unskilled sector of the population.

The Mining Industry

The Wiehahn Commission has not yet reported on the Mining Industry and its findings and recommendations in this connection are awaited with considerable interest. There is some apprehension about future possible changes in employment practices as disclosed by the abortive strike by members of the Mine Workers' Union on the 7th March, 1979 and it would be wishful thinking to believe that the underlying problems are going to be rapidly resolved by the commission. While solutions may be proposed and legislation progressively enacted, it is going to require great patience, tact and understanding on the part of all concerned to evolve and implement the changes in employment practice which are so necessary and in the mutual interests of all employees, and indeed all sectors of the community. Your company is committed to working for these changes in whatever manner will secure their most expeditious implementation and yet avoid disruption of operations.

The supply of unskilled labour has been adequate throughout the year except for the traditional high turnover months of December and January. However, even in the case of these two months, the availability of unskilled labour was not as adversely affected as in previous years. The average turnover of labour throughout the year decreased progressively and an increasing number of employees, from both South Africa and the neighbouring states, are now returning to the mine after comparatively short periods spent at their homes. This change is certainly leading to a greater retention of skills, and perhaps most important of all, greater satisfaction for the individual in being able to retain his own particular job with service benefits. It is hoped that this development is the precursor to the emergence of a more contented, stable and motivated labour force in future. The company is continuously endeavouring to improve the already good relationship which exists between employer and employees. The Mine Management is aware of the changing aspirations of employees and is continuously striving to provide job satisfaction and security for all persons employed on the mine. During the year an additional 20 houses were constructed for senior black married employees and another school for the children of black employees was completed.

Significant progress has been made in preparation for the introduction of a committee system on the mine to improve formal communications between management and employees. Unskilled employees are being trained to participate fully in this system.

While the mine has not yet been adversely affected, a serious shortage of artisans is expected to develop in the near future. There is an urgent need to train increasing numbers of people in the trades. A sufficient number of trainees would appear to be obtainable only if this avenue of employment is thrown open to black workers. There are promising signs of a relaxation of discrimination in this connection and the company will continue to present the case for the training of black artisans. There is also a growing shortage of engineers and technicians. The position is further aggravated by the recent increase in military call-ups and very much more attention will have to be devoted to human resources planning in future to alleviate the strain on such resources.

Gold Market

In the immediate future the fortunes of the company will be largely dependent on the price of gold in Rand terms. Over the past year the key forces in such price-determination have been the weakness of the U.S. Dollar and the energy supply crisis. Investment interest in gold increased significantly during the year and this also contributed to the rise in the gold price. This increased investment demand, representing assets diversification, will continue until inflation in the United States is brought under control and as long as the world's energy supply and the political situation in the Middle East remain in such a precarious state. However, the stability, strength and performance of the U.S. economy will continue to be the single most important factor in the determination of the gold price.

I believe that the gold price will continue to exhibit a rising trend, albeit perhaps of a more modest magnitude than recently experienced, and that the average price for the current year will comfortably exceed that of last year. There will however be fluctuations about the suggested rising trend, as a result of the operations of investors and hoarders following political and economic upsets which will inevitably occur. The gold price is quite clearly exposed to additional risk of sharp fluctuations in the short terms as the volume of gold under the control of speculators increases.

Uranium Outlook

The price of uranium, the company's other main product, has shown no growth whatsoever in real terms over the past year. This is because of the state of stagnation which exists in respect of orders for new nuclear power stations, and is largely due to the activities of various anti-nuclear groups and the fears of the U.S. Administration about the role of the nuclear power industry in the proliferation of nuclear weapons. More recently, the accident in the U.S.A. at the Three Mile Island nuclear plant has tended to heighten fears about the safety of such plants. Unfortunately, certain very important and positive aspects of this accident have to some extent been overlooked. The accident, serious as it was, involved no loss of life and indeed no serious injuries, and demonstrated how well the various critical components tolerated the abuse to which they were unwittingly subjected. A very positive and hopeful sign for the nuclear industry has emerged in the joint statement issued by the participating heads of State after the recent Tokyo summit conference. The pertinent part of the statement records that "without the expansion of nuclear power generating capacity in the coming decades, economic growth and higher employment will be hard to achieve. This must be done under conditions guaranteeing our people's safety. We will co-operate to this end." In view of what is tantamount to a crisis situation in the supply of petroleum, it is difficult to visualise how the western world can avoid the rapid introduction of additional nuclear power genererating capacity. I forsee that the supply of uranium may continue to exceed demand in the short term, but this will change when the reality of the world's energy problem is firmly accepted and nuclear power plants are ordered at the required rate.

Working Costs

An increased effort will have to be made to limit the effect of inflation on mine working costs, particularly in view of the crippling increases in the price of petroleum based products. Your company's mine, being a low grade gold and uranium producer, is very vulnerable to cost increases. Its location in the Orange Free State, some distance from the main supply centres of Southern Transvaal, means that it is sensitive to increases in transport costs and hence the price of petroleum. Providing that management is reasonably successful in its efforts to control costs, and assuming that the gold price trend conforms with my expectations, and noting that uranium revenue will be at a somewhat lower level, the next dividend could be of the same magnitude as the September dividend just declared.

It is with considerable regret that I have to report that Mr. C. S. Barlow, a director of the company, passed away on the 1st June, 1979. Mr. Barlow had been a director of the company since 1st January, 1972 and was always deeply interested in its affairs. One of his last official functions was to participate in the formal opening of the new school for children of the mine's black employees on 30th April, 1979.

In conclusion, I have pleasure in recording the directors' appreciation of the services rendered by the managing director, Mr. R. J. J. Fourie, by the general manager, Mr. G. L. H. Diering who took up another position on a mine within the Rand Mines Group during the year, and by Mr. H. G. Mosenthal who succeeded him; by the technical and administrative staffs at Head Office and by the secretaries in the United Kingdom. I extend the congratulations of the board to the general manager and the staff and employees on the mine in being awarded the Chamber of Mines' Millionaire Shield for achieving one million consecutive fatality-free underground shifts for the fifth time on the 16th November, 1978.

The twenty-ninth Annual General Meeting of Harmony Gold Mining Company Limited will be held in Johannesburg on 19th October, 1979.

Copies of the Annual Report and Accounts can be obtained from the office of the London Secretaries, Charter Consolidated Ltd., 40 Holborn Viaduct, London EC1P 1AJ or from the Share Transfer Office of the London Secretaries, P.O. Box 102, Charter House, Park Street, Ashford, Kent TN24 8EQ.

INTERNATIONAL COMPANIES and FINANCE

NORTH AMERICAN NEWS

Earnings continue to advance at Jewel

By Our Financial Staff

JEWEL COMPANIES, the Chicago-based supermarket operator, has continued to push earnings ahead in the second quarter. For the first six months, earnings are now 27 per cent up at $23.2m or $2.08 a share against $1.55 on sales increased by 9 per cent to $1.95bn.

The second quarter brought in a 30 per cent gain to $14.1m in net earnings ($1.26 a share against 93 cents). Sales, at $1.13bn, showed a gain of 11 per cent.

The 1978 results include a gain of $2.8m pre-tax from the sale of the Aurrera affiliate stock, and the figures for that year have already been restated for retroactive recapitalisation of leases.

The repurchase of some 557,000 shares in September, 1978 has increased total net by about six cents in the second quarter and 10 cents on the six months figures reports the company.

Increased share earnings have already been predicted for this year — last year Jewel earned $3.59 a share. Sales are expected to exceed $3.85bn.

Citicorp to sell mortgage company to Oppenheimer

BY DAVID LASCELLES IN NEW YORK

CITICORP, parent company of Citibank, the large New York bank, yesterday announced that it had agreed in principle to sell Advance Mortgage, its mortgage subsidiary to a group to be formed by Oppenheimer, the Wall Street banking firm.

Citicorp was forced to divest itself of Advance Mortgage, which it bought in 1970, after the purchase had been ruled by the courts as anti-competitive, grouping as it did one of the country's largest banks with one of its largest mortgage companies. Citicorp had until the end of next year to complete the sale.

Citicorp said yesterday that the business to be sold represented "substantially the business of Advance acquired by Citicorp" in 1970, although Advance will be restructured into a basic mortgage banking corporation, and Citicorp will retain those portions of Advance's business that it developed after the acquisition. These are mainly in the mobile home and second mortgage field.

The divestiture will have to be approved by the Federal Reserve Board. But Citicorp said that if it went through on terms currently contemplated, it would net the company an after-tax gain of about $16m in the fourth quarter.

This divestiture is required under the provisions of the Bank Holding Company Act.

Citicorp's proposed retention of Advance's operations would be accomplished through the formation of a new mortgage banking subsidiary, which would own the existing conventional mortgage, second mortgage and mobile home portfolios that are now part of Advance.

Lower sales hit General Tire

BY OUR FINANCIAL STAFF

GENERAL Tire and Rubber, fifth largest tyre maker in the U.S., yesterday disclosed a significant downturn in sales during the third quarter of this year. The slump in turnover has accelerated the falling earnings, which now show a 23 per cent drop to $66.2m for the first nine months of the year — or from $3.68 a share to $2.84. Sales for the nine months are 7 per cent up at $1.68bn.

In the third quarter, sales fell by 5.7 per cent to $554.1m, after a second quarter in which they had put on 18 per cent. Third quarter earnings are 41 per cent down at $20.8m, or 89 cents a share against $1.27.

Figures for 1979 include a provision of about $1.5m or 7 cents a share as reserve against the group's investment in its Iran affiliate, says General Tire.

On Wall Street, analysts have already predicted that earnings for the full year may fall below last year's $4.97 a share—apart from the proposed spin-off to General Tire shareholders of the RKO General subsidiary.

However, group dividends are expected to be maintained at 37½ cents a quarter, plus a 2 per cent stock dividend which has been paid annually since 1969.

High yields boost growth of Eurodollar trusts

BY JOHN EVANS

ONE OF the best-selling securities in the U.S., as American investors seek the highest returns for their cash, is the short-term unit investment trust which puts its funds mainly in Eurodollar Certificates of Deposit, according to bankers in the U.S. and Europe.

Introduced in the U.S. about a year ago, the trusts are now reporting "very substantial business."

Ironically, much of the impetus behind the growth of these funds appears to be the action by the U.S. monetary authorities last year to attempt to increase the flow of Eurodollars back to the U.S.

The trusts themselves are currently offering yields of around 11½ per cent. This is a full percentage point higher than many money market funds in the U.S., and also well above rates on comparable Treasury bills and savings certificates offered by commercial banks and thrift institutions.

The trusts typically invest in very large Eurodollar Certificates of Deposit issued by the London branches of international banks, mainly U.S. institutions.

A $220m unit-investment trust was offered in New York late last week by a group of U.S. securities houses headed by Merrill Lynch, Bache Halsey Stuart Shields and Dean Witter Reynolds.

Merrill Lynch says that since the trusts were launched last September, various investment groups which it has headed have issued some $2.95bn through this method. In addition, a Merrill Lynch group this week will offer a further $100m.

Another group to have offered the trusts, Dreyfus, the mutual fund concern, is estimated to have issued around $300m to date.

The trusts are mainly being supported by private investors who, in normal circumstances, would have difficulty in investing in CDs, particularly in the Eurodollar market, in the dealing size required, U.S. bankers say.

The bankers say that the growth of the trusts can be directly linked to moves by the Federal Reserve system last November, at the time of the support package for the ailing dollar. The U.S. action has in fact tended to "backfire," according to the bankers.

The Fed's steps centred on the removal of reserve requirements on funds (chiefly Eurodollar Certificates of Deposit) taken up abroad by U.S. banks. At the same time, the reserve requirements on large domestic CDs in the U.S. was increased.

The twin actions were aimed at giving an extra incentive to American banks to repatriate Eurodollars, thereby helping to reduce the supply of dollars in circulation outside the U.S.

This would presumably help to decrease the supply of international liquidity which could be used for financing speculation against the dollar in foreign exchange markets.

But a simultaneous by-product was to widen the premium of Eurodollar deposit and certificate of deposit interest rates over corresponding interest rates in the U.S.

In its report on Eurocurrency market activity for the first quarter of 1979, the Bank for International Settlements comments that the expansion of this premium increased the attraction of the Eurodollar market for U.S. non-bank depositors.

The BIS calculates that about $9bn of non-bank funds from U.S. residents flowed into the Euromarkets in the first quarter.

This outstripped the estimated $7.8bn of funds taken up by U.S. banks from the Eurodollar market as they took advantage of the adjustment of the reserve requirements to launch more Eurodollar CDs.

Bankers say that many U.S. banks, in observing the alteration in reserve requirements, are still prepared to pay extra interest on their Eurodollar CDs compared with New York issues.

This is confirmed by the BIS, which notes that the Eurodollar premium was not enough to offset "the added cost advantage of the Eurodollar market for U.S. bank borrowers that resulted from the combination of the reserve requirement changes."

Encouraging outlook for wood pulp producer

NEW YORK — Weyerhaeuser Company, a major producer of pulp, paperboard, and other wood products is experiencing a strong third quarter and net income for the eight months has already surpassed 1978 results, according to Mr. George H. Weyerhaeuser, the president.

Mr. Weyerhaeuser said the company is more cautious about the fourth quarter, but current orders, the strength of export markets, and the lack of inventory build-ups are all encouraging.

In 1978, Weyerhaeuser earned $371m, or $2.85 a share.

Mr. Weyerhaeuser said that domestic and world economic trends next year should provide the company with good financial results even though the earnings pattern will flow from different sources, and he predicted a stronger performance in 1981 and beyond.

Mr. Weyerhaeuser said that with the company's current cash flow, it is in a financial position to allow for major internal growth and acquisitions. He said the company expects to make some announcements in the containerboard area soon.

Reuter

Gillette to pay $47.5m for Liquid Paper

BOSTON—Gillette has agreed to acquire all of the stock of the privately-held Liquid Paper Corporation for some $47.5m in cash. Liquid Paper will operate as a separate identity under Gillette's Paper Mate subsidiary. Gillette said that the acquisition will strengthen the subsidiary's office products division.

For the fiscal year ended on April 30, Liquid Paper reported net sales of $38m, with net income of $3.5m. Net assets at that date were in excess of $12.5m, Gillette said.

The completion of the agreement is subject to a satisfactory review of Liquid Paper's operations by Gillette.

Agencies

Little change at Commonwealth Edison

By Our Financial Staff

ON SALES for the year ended August 31, ahead by 13.7 per cent to $2.65bn, Commonwealth Edison has managed an increase in net income of just 2 per cent to $244.63m. The period included sales revenues of some $46m and per-share earnings of 22 cents from the change from bi-monthly to monthly billing.

Against analysts' predictions of a fall in earnings per share to the $3-to-$3.10 range, the utility, which serves Chicago and northern Illinois, has turned in net earnings per share of $2.96.

Downturn for Pacific Telephone

NEW YORK — Pacific Telephone and Telegraph Company has announced third-quarter net income down from $92.82m to $80.4m, or from 55 cents to 48 cents a share, on revenues of $1.28bn against $1.14bn.

For the past 12 months net income comes to $294.566m compared with $323.750m, or $1.75 per share against $1.92, on revenues of $4.83bn against $4.33bn.

Pacific Telephone said that Standard and Poor's had downgraded its securities from single A plus to single A.

Reuter

EUROBONDS

Dollar issue for Hill Samuel Group

By Francis Ghilès

HILL SAMUEL Group is expected to float its third dollar-denominated Eurobond issue later today through Morgan Stanley. Indicated terms of this $30m floating rate note are expected to include a bullet maturity of 12 years. The borrower is expected to pay an interest rate of ¼ per cent over the six-month Libor rate, with a minimum coupon of 5½ per cent.

Hill Samuel Group has arranged two dollar-denominated Eurobonds in the past. In 1970 it raised $20m for 12 years in the form of a bond with warrants attached, and a year later it arranged a $20m straight issue of 15-year bonds. Both issues were led by Morgan and Compagnie.

Trading in the secondary straight dollar bond market was very quiet yesterday, with prices firming by an average of ⅛ of a point.

In the Deutsche-Mark sector, prices were a fraction easier in very thin trading. The terms of the DM 100m public offering for Oesterreichische Kontrollbank will be announced later today by the lead manager Dresdner Bank.

Charter regains control of refinery in the Bahamas

JACKSONVILLE — Charter Company announced yesterday that it has satisfied all secured and unsecured creditors of the refinery operations in the Bahamas previously owned by Carey Energy Corporation.

As a result, the receivers who have been managing the operations, have been discharged, and control of the refinery has returned to Charter.

Charter also said that it has closed its previously announced $200m long term revolving credit agreement with a group of 10 banks led by First National Bank of Boston. A major portion of the proceeds was used to satisfy creditors' claims against the Bahamian operations, Charter disclosed.

In addition, the proceeds of the recently offered Series J convertible preferred stock were released from escrow for use in the settlement.

The company also said that the Bahamas Court of Appeals heard a request last Friday by Balandra International to delay the effectiveness of an order that permanently stayed the liquidation proceedings then affecting Charter's Bahamian subsidiary.

Chief Justice James A. Smith of the Bahamas Appeals Court said he would act on Balandra International's request yesterday.

Balandra International previously said that it plans to appeal to the full Court of Appeals when it reconvenes in November.

Charter said Balandra has repeatedly refused payment from Charter for its $25,000 disputed claim.

Charter added that it has been advised by its counsel that an appeal of a Bahamian Court's ruling by Balandra is without merit and should not prevail.

The Bahamian Court's ruling made it possible for Charter to gain control of the Bahamian refinery operation.

AP-DJ

UPI plan to broaden ownership

NEW YORK — United Press International is trying to broaden its ownership base beyond the privately owned E. W. Scripps Company, which through a trust holds a 95 per cent interest in the financially troubled news wire service.

It is believed in the publishing industry that UPI is about to invite some U.S. publishers and broadcasters to acquire a total of 45 units, each equal to a 2 per cent interest in UPI.

The plan is to limit each prospective investor among the publishers and broadcasters to a maximum of five of the units, or 10 per cent of UPI.

Under the proposed plan, Scripps and Hearst Corporation, a publishing concern holding the 5 per cent of UPI that isn't held by the Scripps trust, would together become a general partner of a new UPI company.

In addition to strengthening UPI by broadening its ownership base, the move is widely interpreted in the publishing industry as a move to end the peril to UPI's existence posed by the huge Scripps trust holdings.

A significantly reduced interest in UPI would remove one impediment to any future public stock offering by E. W. Scripps which is rumoured to be considering such a move.

Mr. Keith Fuller, president and general manager of the Associated Press, UPI's principal competitor, said yesterday that the UPI offering "does not concern us in the least and, if it strengthens UPI, it will be better for the whole industry."

UPI's earnings peak was in 1961 and its aggregate deficit since then has been $17m. The news service had a $2.5m deficit last year.

AP-DJ.

National Airlines urges merger decision by CAB

MIAMI — National Airlines is urging the Civil Aeronautics Board (CAB) to prepare an approval order in the proposed Pan American World Airways-National merger.

Mr. L. B. Maytag, chairman of National, in a letter to Mr. Marvin Cohen, chairman of the CAB, noted that the proposed merger had been before the Board for more than a year.

The airline said that the CAB in July indicated that an order reflecting the merger's approval would be forthcoming within 45-60 days.

In the letter Mr. Maytag said: "We have now passed the 70-day mark and have not even seen an announcement of a target date for decision."

He also said: "a final Board order approving the Pan American-National merger agreement and resolution of the related Eastern-National case is imperative to resolve the year-long uncertainties."

Agencies

Alcan sees rise in profit

By Our Financial Staff

ALCAN ALUMINIUM'S earnings this year will be "reasonably ahead" of last year's results in spite of the three-month strike, Mr. David M. Culver, president, said in Chicago.

In 1978 Alcan earned $289m or $7.15 a share.

The company plans to spend between $400m-$500m on capital expenditures in 1980 and will continue at that level for two to three years, Mr. T. F. Denys Simmons, the treasurer, told analysts.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month.

Closing prices on September 24

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Alcoa of Australia 10 89	60	[illegible]	95¾	0	−0¼	10.77
Alex Howden XW 9½ 91	30	†78	80	0	0	13.08
Australian Res. 9¾ 84	30	95½	96¼	+0¼	−0¼	[illegible]
Avco O/S Cap. 10¾ 87	40	89½	90½	−1¼	−1½	12.34
Beneficial Fin. 9¾ 87	100	95½	96	+0¼	−0½	10.66
CECA 10⅛ 91	150	93½	94	0	−1	11.74
CECA 9⅝ 86	125	†89	89½	−0¼	−1½	11.47
Canadian Pacific 9¾ 89	50	96⅞	96½	+0¼	0	10.39
Carter Hawley 9¾ 86	50	94½	94½	[illegible]	[illegible]	[illegible]
Comalco Inv. E. 10⅛ 91	40	96½	97¼	0	−0¼	10.72
Continental Grp. 9¾ 86	100	96	96½	+0¼	0	10.41
Dome Petroleum 10 84	50	93½	94	+0¼	0	10.86
[illegible] Bridge 10¼ 84	[illegible]	96½	[illegible]	[illegible]	[illegible]	[illegible]
[illegible] Coast. [illegible] 94	[illegible]	[illegible]	96½	0	−0¼	10.25
[illegible] 89	150	96⅞	97¼	0	0	10.61
EIB 9⅞ 89	100	[illegible]	97¼	+0¼	+0⅛	10.43
EIB 9⅞ 87	150	†97½	98¼	0	−0¼	10.48
EIB 10 89	150	[illegible]	[illegible]	[illegible]	[illegible]	10.46
Export Dv. Cpn. 9¾ 84	100	96	96½	0	−0½	[illegible]
Export Dv. Cpn. 9¾ 84	150	97½	98¼	+0¼	−0¼	9.81
Finland 9½ 86	100	94½	94½	0	−1	10.72
Finland 9¾ 89	100	95½	95⅞	0	−0¼	10.61
GTE Finance 9¾ 84	50	95½	96½	0	−0½	10.68
[illegible] Finance 9¾ 89	55	92½	93½	0	+0¼	10.96
General Motors 9¾ 86	100	[illegible]	95¼	0	−0¼	10.30
Gould Int. Fin. 9¾ 85	50	95⅞	96½	0	−0¼	10.70
[illegible]rhst Fin. XW 6½ 89	[illegible]	†77	77½	0	−0½	10.59
Hudson Bay Co. 10 84	50	95½	96¼	+0¼	−0¼	10.54
ITT Antilles 9½ 89	75	[illegible]	[illegible]	0¼	0	10.38
Kennecott Int. 9½ 86	100	90½	91	+0½	−0⅞	11.54
Manitoba 9½ 89	75	93⅝	94½	+0½	−0¼	10.53
Michelin 10 84	125	94⅞	95¼	+0½	−0¼	10.66
Nat. Des Telecm. 9¾ 86	100	95½	96	0	−0¼	10.39
New Brunswick 9¾ 84	75	93¼	93⅞	+0¼	−0¼	10.65
Newfoundland 10 84	50	[illegible]	96¼	+0½	−0½	10.48
Norges Komm. 9⅞ 89	100	[illegible]	98¼	+0¼	+0¼	[illegible]
Norway 9¾ 84	150	98½	98¾	0	−0¼	10.32
Norway 9½ 84	150	96½	97	+0¼	−0¼	10.39
Nova Scotia Pwr. 9¾ 89	50	94½	94⅞	+0¼	−0¼	10.66
Occidental Fin. 10¾ 84	50	96¼	96¾	−0⅛	−0½	11.25
Orient Leasing 9½ 86	25	92½	93½	0	−0½	11.03
Pennwalt O/S F. 9¾ 84	25	96½	97¼	+0¼	0	10.60
Pepsico Cap. 9¼ 84	100	95¼	96½	0	−0⅞	10.24
Portland 10 84	50	[illegible]	95½	−0¼	−1½	11.42
Quebec Hydro 10 99	75	92½	92⅞	+0¼	−0½	10.91
Redland Fin. XW 9½ 91	25	85	87	+0⅛	−1½	11.76
Sears Roebuck 9 82	150	[illegible]	95½	+0¼	−0¼	10.81
Statoil 9⅞ 89	100	94½	95¼	+0½	−0⅞	10.45
Stockholm 9¾ 94	60	†97	97½	+0¼	0	10.37
Sweden 9¾ 89	100	95⅞	96½	+0⅞	−0¼	10.39
Sweden 9½ 86	200	96½	97	0	−0¼	10.45
Sweden 9¾ 84	100	97½	98¼	+0¼	0	10.31
Unilever NV 9¾ 87	100	94½	95⅞	+0¼	−0¼	10.22
Warner-Lambert 9 84	100	95¼	95¾	+0¼	+0¼	10.25

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Argentina 7½ 89	150	95¼	95¾	0	+0¼	8.18
Asian Dev. Bk. 7¼ 89	100	98½	99	−0¼	+0¼	7.43
Banco Desarrollo 7¼ 86	100	94½	94½	+0½	−0⅞	8.40
Barclays O'seas 6¾ 89	100	97¼	98	−0½	0	7.09
Brazil 7¼ 87	150	95⅞	96½	−1	+0¼	7.94
Brazil 8 87	150	100	100½	−0¼	−0½	7.35
CECA 7 91	150	98¼	98⅞	−0⅞	−0¼	7.19
Council of Eur. 7¼ 89	100	98½	99¼	−0¼	0	7.41
Denmark 5¾ 85	100	94	94½	−0¼	0	7.07
Denmark 6½ 89	100	94¼	94¾	0	−0¼	7.32
[illegible]B 6½ 91	200	92⅞	93½	−0½	−1½	7.42
[illegible]B 7½ 89	200	100¼	100⅞	0	+0½	7.42
Eletrobras-Brazil 7 87	100	96½	97	0	−0½	[illegible]
Eurofima 6½ 89	100	98¼	99¼	+0¼	0	6.68
Mitsubishi Chem. 6½ 84	70	100¼	100⅞	+0¼	+0½	[illegible]
New Zealand 6¾ 87	200	94½	94⅞	0	0	7.24
New Zealand 7¾ 87	200	98½	98⅞	—	—	7.36
Nippon Kokan 6½ 84	100	97⅞	98¾	0	+0¼	6.95
Nippon Tel. & T. 5½ 87	100	92¼	92¾	0	−0¼	6.82
Nordic Inv. Bk. 6¾ 86	60	95	95¼	+0¼	+0¼	7.18
Norges Komm. 7¼ 91	150	102½	103½	−0¼	+0¼	[illegible]
Norway 6¼ 84	200	99⅝	100¼	−0½	[illegible]	6.24
OKB 6⅞ 88	100	96½	97	0	−0⅞	[illegible]
OKB 6 87	[illegible]	94¼	95½	+0½	+0¼	[illegible]
Tokyo Elec. Pwr. 6½ 85	200	98½	98¾	0	−0¼	[illegible]
World Bank 7¼ 91	400	100⅞	101½	−0¼	−0¼	[illegible]

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Argentina 5½ 89	80	103¼	103½	+0¼	+0⅞	5.05
Asian Dev. Bank 3½ 94	100	86¼	86½	+0¼	+1	4.85
Aumar 6 89	60	101⅞	102¼	0	+0¼	4.74
Australia 3¾ 89	250	95½	95¾	−0¼	+0⅝	4.21
Bergen, City of 4¾ 91	40	104½	104⅞	+0½	+0½	4.23
BNDE 5 89	75	†95½	95¾	0	+0½	5.59
Caisse Nat. Telé. 4¼ 89	100	102¼	102¾	−0¼	−0½	4.09
Canada 3¾ 89	300	†95½	97	+0½	+0¼	4.03
Council of Eur. 4¼ 90	100	†101¾	102	0	0	4.04
Denmark Mt. Bk. 4¾ 91	80	100¾	100⅞	−0⅛	+0¼	4.67
EIB 4½ 91	100	101¼	101½	0	+0⅝	4.35
EIB 4¾ 94	100	98	98¼	−0¼	0	4.55
Elec. de France 4¼ 89	100	102	102¼	−0¼	0	4.11
Heron 4¾ 89	35	96¼	97	−0¼	+0⅞	4.66
ICI Fin. NV 3½ 94	230	90¼	90½	−0¼	−0½	4.41
Int.-Amer. Dev. 4½ 89	100	100½	100¾	−0¼	+0¼	4.42
New Zealand 3½ 94	120	89	89¼	−0½	−0¼	4.55
Nordic Bank 5 89	45	103½	103¾	+0¼	−0¼	4.55
OKB 3¾ 91	100	92½	92¾	+0½	+0½	4.63
Pfand Ost. Lande 4 90	60	94½	95	−0¼	+0¼	4.62
Philippines 4¾ 89	50	97½	97⅞	−0⅞	−0¼	5.09
Shikoku El. Pwr. 4¾ 89	100	102½	102⅞	+0¼	+0¼	4.40
Spain 4 91	100	95	95¼	+0½	+1	4.55
Steweag 4¾ 91	60	104½	104¾	+0½	0	4.28
Voest-Alpine 4¾ 89	90	103⅞	104¼	0	+0¼	4.24
World Bank 4¾ 89	100	102½	103¼	+0⅝	+0½	4.28
World Bank 4¼ 89	150	100	100¼	—	—	4.36

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 5.6 83	30	93¼	94¼	0	−0½	[illegible]
Australia 6½ 88	20	89⅞	90⅞	0	−0¼	[illegible]
EIB 7¼ 89	12	98½	99¼	+0¼	+0¼	7.92
Finland 5.6 83	10	92¼	93¼	+0½	−0¼	7.81
[illegible]	10	[illegible]	91½	0	−0½	[illegible]

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Nordic I. Bk. 8 84 SDR	20	†97	97½	−0¼	−0¼	9.76
Avco Fin. 10¼ 86 C$	25	†91	91½	0	−1½	12.22
Bell Canada 10¼ 86 C$	60	98	98½	—	—	11.12
Cr. Foncier 10¾ 84 C$	30	†93½	94	0	−0¼	12.12
Ex. Dev. Cpn. 10 84 C$	60	†98	98½	0	+0¼	11.04
Fst. Can. Inv. 10 84 C$	50	†93½	93¾	−0½	−0⅞	11.86
Hudson Bay 10½ 89 C$	60	†94½	95½	−0¼	−1	11.36
Quebec 10¼ 86 C$	50	†93½	94¼	+0¼	−0½	11.60
R. Bk. Canada 10 86 C$	40	[illegible]	95¼	−0¼	−0½	11.10
R. Bk. Canada 10 94 C$	40	91½	92	0	−0¼	11.15
Copenhagen 8¼ 91 EUA	25	†96½	97¼	0	−0¼	8.62
Copenhagen 8¼ 91 EUA	20	—	—	—	—	—
SDR France 8½ 94 EUA	24	*98¼	99½	0	+0¼	8.68
[illegible]TE 8¼ 89 EUA	40	*93¾	95	0	−0¼	9.14
Algemene Bk. 8¼ 84 Fl	75	97½	98	—	—	8.83
Amev 8½ 86 Fl	75	97½	98	−0¼	−0⅞	8.94
CFE Mexico 7¾ 83 Fl	75	96½	97½	+0¼	−0¼	8.65
EIB 7¾ 85 Fl	75	92½	92⅞	+0¼	+0½	8.66
Ned. Middbk. 8¼ 84 Fl	75	97½	97½	−0¼	−0½	8.93
Norway 8¼ 84 Fl	100	97½	98¼	+0¼	0	8.79
Air France 11 84 FFr	120	99½	99½	0	+0½	11.30
Euratom 9¾ 87 FFr	150	90¼	91¼	0	+0⅞	11.61
Norway 9½ 84 FFr	200	†92¼	93½	+0¼	+0¼	11.24
PSA Peugeot 9¾ 87 FFr	175	89½	90½	−0¼	−0½	11.89
Renault 9¾ 86 FFr	100	91½	92½	−0¼	−0½	11.64
Saint-Gobain 9¾ 86 FFr	130	89½	90½	−0½	−0⅞	12.08
Solvay et Cie 9¾ 87 FFr	125	89½	90½	−0½	−0½	11.98
Total Oil 9¾ 87 FFr	[illegible]	87	88	−0¼	−0½	11.97
Citicorp 10 93 £	20	[illegible]	84½	+0¼	−1⅞	12.42
EIB 9¾ 88 £	25	88½	89¼	+0¼	−0¼	11.82
EIB 11½ 91 £	25	92⅞	93½	−0¼	−0¼	12.61
Finance for Ind. 13 91 £	[illegible]	100	100½	+0¼	−0½	12.90
Fin. for Ind. 12¾ 89 £	[illegible]	97	97½	+0½	−0¼	12.99
Gen. Elec. Co. 12¼ 89 £	50	[illegible]	97½	−0¼	−0⅞	12.96
Indonesia 8¾ 91 KD	7	†97½	98	0	+0½	9.06
Mitsubishi 7½ 84 KD	10	†96	96½	0	−0¼	8.43
Norges Kom. 7½ 89 KD	13	†95⅞	96½	0	−0¼	8.08
Occidental 8½ 91 KD	7	†94½	95¼	0	−0¼	8.95
Euratom 8 87 LuxFr	500	†95¼	96½	−0¼	−0¼	8.69
Norges Kom. 8 86 LuxFr	500	†95	96	0	−0¼	8.86
Oslo, City of 8 89 LuxFr	500	†96½	97½	+0¼	−1	8.46
Solvay Fin. 8 85 LuxFr	500	*95½	96½	0	−0¼	8.88

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
BNDE 6 88	0¼	†96½	97½	21/9	11½	11.48
Banco di Roma Int. 6 87	0¼	98¼	98¾	26/10	11.19	11.30
Bco. Nac. Argent. 7 86	0¼	97⅞	98½	22/9	11½	11.70
Banco Prov. BA 7¼ 86	0¼	98	98½	12/6	11	11.20
Banco Urquijo 6 86	0⅛	98	98½	21/9	11½	11.70
Bque. Indo Suez 5¾ 89	0¼	98½	98⅞	11/1	11	11.15
Banque Sudameris 6 87	0¼	96⅞	97½	11/1	11¼	11.45
BNP 5½ 91	0¼	98¼	98¾	22/2	11.94	12.12
Citicorp O/S Fin. 6 84	‡0¼	99⅞	100⅜	8/9	[illegible]	10.67
Citicorp O/S 83	‡0	99¾	100¼	23/2	[illegible]	[illegible]
Creditanstalt 5½ 91	‡0¼	99	99½	14/9	10⅞	10.96
GZB 6½ 89	‡0¼	98¼	98¾	1/11	11.44	11.61
Jugobanka 8 89	0¼	95⅞	96¼	23/11	11⅞	12.42
LTCB Japan 5½ 89	0¼	98½	99¼	7/12	11½	11.25
Mfrs. Han. O/S 5¼ 94	‡0¼	99¾	100¼	23/11	12.56	12.58
Nacional Fin. 6¾ 86	0¼	97¾	98¼	25/1	11½	11.73
Nat. West. 5¾ 94	0¼	98½	99	11/10	11	11.14
Nippon Cred. Bk. 5½ 85	0¼	98¾	99½	22/12	10.94	11.06
Nippon Cred. Bk. 6½ 86	0¼	97¾	98¼	12/1	10⅞	11.11
Petro Mexicano 7 84	0¼	98⅞	99¼	24/1	11.44	11.54
Royal Bank Scot. 5¼ 94	‡0¼	98¾	99¼	11/10	11	11.11
Sogenal 5¾ 89	0¼	97½	98	11/1	10.94	11.19
Texas Int. Airways 7 86	‡0¼	96¾	97¼	11/10	11.56	11.92
Trade Dv. Fin. Srv. 6 86	0¼	†96½	97¼	21/2	—	—
TVO Pwr. 9 91 (D-lock)	0¼	97⅝	98¼	24/11	11¼	11.35
Utd. Overseas Bk. 6 89	‡0¼	97⅞	98½	29/9	11.14	11.35
Williams & Glyn 5¾ 91	0¼	98⅞	99⅜	14/3	—	—
Bq. E. d'Alg. 4¼ 89 SF	0¼	96½	96¾	18/12	4¼	4.42

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Asahi Optical 7 94	11/79	605	98½	98⅞	—	0.00
AGA Akt'bolag 7¾ 89	10/79	145	92½	93½	+0½	−1.66
Canon 6¾ 94	8/79	670	101¼	101⅞	−0½	−2.62
Ciba-Geigy O/S F. 4 94	9/79	675	95½	96½	+0½	−1.87
Credit Suisse 4½ 93	10/79	1325	108	108½	+0½	−0.46
Esselte 7¼ 89	9/79	159	96¼	97	+0⅛	9.69
Honda Motor 5½ 99	5/79	532	101¼	102	+0¼	−1.98
LPC International 8 89	9/79	35	102½	103½	+1½	5.26
Nitto Elec. Ind. 6 94	7/79	735	95	96	+1¼	4.16
Union Bank Switz. 5 89	2/80	125	110½	110⅞	+0½	7.49
Fujitsu 5 84 DM	7/79	475	100⅞	101½	+0½	20.68
Kansai Elec. 4 84 DM	4/79	1390	88¼	89½	0	55.00
Marudai Food 3½ DM	2/79	1033	91½	92½	+0½	60.97
Nippon Yen. 3½ 85 DM	1/79	251	98⅞	99⅝	−0¼	−1.11
Sharp Cpn. 3½ 88 DM	2/79	487	94½	95½	−0¼	6.67
Tokyo Elec. 3½ 87 DM	4/79	476	95⅞	96½	+0¼	53.53
Tokyu Ld. Cp. 4 85 DM	4/79	493	82¼	83¼	+0½	33.89
Uny Co. 6¾ 85 DM	11/79	1071	101½	102¼	+0½	13.91

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions.

Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month) for U.S. dollar. C.cpn=The current coupon. C.yld=The current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

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FRENCH COMPUTER INDUSTRY

Saint-Gobain takes stake in Cii-Bull

BY TERRY DODSWORTH IN PARIS

ONE OF FRANCE'S oldest and most traditionally based industrial giants, Saint-Gobain-Pont-a-Mousson, reached agreement yesterday on a FFr 225.5m ($59.5m) deal which will give it an influential position in the development of the French computer industry.

Following lengthy negotiations throughout the summer, Saint-Gobain has bought a 20 per cent shareholding in the holding company for Cii-Honeywell Bull, the rapidly growing French computer concern which is linked with Honeywell of the U.S.

The shares, in a company called Opagep, have been ceded by a group of banks and CGE, the diversified electrical group which has apparently not seen eye-to-eye with other shareholders about the future development of the computer concern.

Saint-Gobain is thought to be interested in taking an even larger stake in the Cii probably to the extent of holding a blocking minority, set in France at one-third of the voting shares.

But it is not at all clear at present where it might acquire the other shares. Cii has a complex shareholding structure, with 47 per cent held by Honeywell Information Systems, and 53 per cent by Compagnie Machines Bull. Its 20 per cent stake has been acquired in Machines Bull whose other shareholders are the state (20 per cent) and the public.

The change in Cii's shareholdings has clearly been given the go-ahead by the French Government, which is anxious to see the computer group build up its position as one of the leading European companies in this field.

It has also received the green light from HIS, and from Cii management itself, which has said that it will be happy to welcome Saint-Gobain's participation.

Behind these moves appear to be development plans at Cii which Saint-Gobain is willing to support, but which met with opposition from CGE. The electrical group said earlier this year that it had "declined" to back Government proposals on the future of Cii, thus leaving the way open for the entry of Saint-Gobain.

Saint-Gobain's interest is to find new high technology sectors for investing its substantial reserves in a move away from its traditional businesses such as flat glass, packaging, fibres and asbestos.

It has recently been divesting itself of some of its more peripheral interests, and has been shaking up labour in other areas. But it has made it clear that its development policy also depends on new acquisitions.

Cii itself is now coming to the end of the FFr 1.2bn Government aid programme which was launched four years ago when the industry was reorganised. The computer company is now profitable, even discounting the Government grants, but despite continuing fast growth (turnover rose by 20 per cent this year), its aim to expand into new areas of business will demand fresh capital.

In recent months Cii has shown increasing interest in peripheral computer industry sectors such as software and office management systems and has recently acquired a magnetic disc manufacturer in the U.S.

Results from Machines Bull, which were also announced yesterday, show a net profit for the year ending June of FFr 49.1m ($11.4m).

These were derived from dividends of FFr 30.7m, interest payments of FFr 9.6m and profits from the sale of its HBNIS subsidiary. Management costs amounted to FFr 4.3m and depreciation to FFr 9.1m. The dividend has been fixed at FFr 1.50 a share.

Shutdowns at Esso Italiana

ROME — Esso Italiana has started closing down plants at its Augusta oil refinery, after an order by local authorities to stop pumping effluent into the sea.

However, the company is contesting the validity of the data on which the order was based. Moreover, the Government's recent decision to delay until the end of this year application of stricter anti-pollution regulations could lead to a suspension of the order.

The Augusta refinery, one of the biggest in the Mediterranean, has an effective annual capacity of 9.2m tonnes. It employs about 700 workers directly and a further 300 through outside contractors.

A distillation plant has already been closed and a Deasphalter and a Phenolfiner are about to be closed. The whole closure, if fully implemented, would take around 45 days, with the cracking plants being the last to be shut down.

Meanwhile, the company is in the process of installing new anti-pollution equipment.

● Net profit at Mediobanca SpA were L31.8bn ($39.45m) in year ended June 30 after setasides to a risk fund of L25bn. These figures compare with L30.5bn and L13bn in 1977-1978.

Attributable to reserves is L15bn and to special fund for loan issue costs L4.75bn. The dividend is L1.400 on capital increased to L84bn from L52bn. Reuter

RSV forecasts reduced deficit

BY CHARLES BATCHELOR IN AMSTERDAM

TROUBLED Dutch shipbuilding concern, Rijn-Schelde-Verolme (RSV) expects its losses in 1979 to be considerably lower than last year although this will be largely due to the hiving off of unprofitable activities.

For the first 32 weeks of the year the deficit is reported at Fl 15.4m ($7.9m) compared with a loss of Fl47.8m in the same period of 1978. This was after making write-offs amounting to Fl45.8m compared with Fl54.7m.

Under an aid plan announced in June by Mr. Gijs van Aardenne, Economics Minister, RSV's loss-making shipbuilding and offshore construction divisions were taken over by the state with effect from last January. However, some of the company's other divisions also managed to improve their results. A major reason for the reduced losses was the ship repair sector which broke even in the 32 weeks.

The shipping and charter division also improved although losses are still being made and RSV has made a provision for this. The energy, assembly, electrical and naval shipbuilding divisions made a profit although the process and environmental engineering divisions were affected by poor markets and the decline of the dollar.

Turnover in the first part of 1979 fell slightly to Fl 1.5bn ($770m) from Fl 1.6bn last year. Order books, excluding repair contracts, amounted to Fl 5.5bn compared with Fl 5.6bn at the end of 1978. The value of the orders still to be carried out was Fl 2.9bn against Fl 3bn. These figures do not include large shipbuilding and offshore construction orders in either year.

Elektrowatt to hold earnings

By Our Financial Staff

ELEKTROWATT AG expects little change to its results this year, managing director Herr Hans Bergmaier told the annual Press conference in Zurich.

Last year, the utility and industrial group which is effectively one of the largest holding companies in Switzerland, achieved net profits of SwFr 20.6m ($13.1m) against SwFr 19.9m a year earlier.

West German publisher expanding abroad

BY ANDREW FISHER IN FRANKFURT

WEST GERMANY'S largest magazine publishing company, Gruner und Jahr, aims to triple its non-domestic turnover this year after concentrating most of its investment in 1978 on foreign markets.

Gruner und Jahr, which raised pre-tax profits by 3.9 per cent last year to DM 72.4m ($40m) on the back of a 9.4 per cent sales rise to DM 1.01bn, is paying particular attention to the vast U.S. market. In July, it made a nationwide launch there of its "Geo" magazine, a potential rival to the long-established and popular "National Geographic Magazine."

"Parents," the magazine acquired by the group last year as part of its major American assault, has been given a face-lift, while the purchase in June this year of Brown Printing of Minnesota is a further illustration of Gruner's determination to succeed in the U.S.

On its own home ground, the Hamburg-based concern is best known for the publication of "Stern", a leading weekly magazine, "Brigitte", the fashion monthly, and "Capital", a monthly business magazine.

"Geo", which now has a German circulation of well over 400,000 copies a month, is a more recent addition to the stable of Gruner und Jahr, in which the majority stake is held by Bertelsmann, which owns Bantam Books of the U.S. and now claims to be the world's largest book publishing company.

In the U.S., Gruner und Jahr hopes to have established a firm toehold with "Geo" by the end of 1979, with around 200,000 subscribers. Total non-German turnover is forecast by Herr Manfred Fischer, the management board chairman, to exceed DM 300m this year compared with the DM 100m of 1978.

Total capital investment last year rose by more than 11 per cent to DM 50.9m and Gruner intends to spend some DM 100m on Brown Printing by 1982 in order to equip it for its own printing needs.

For the current year, the company is cautiously forecasting profits at least equal to those of last year, which provided a pre-tax return on sales of just over 7 per cent.

Higher energy costs, however, could influence the final outcome, the company said when presenting the results.

With the inclusion of its growing foreign activities, turnover of the company this year should reach the DM 1.5bn mark. Last year's improved turnover followed a 4.6 per cent rise in advertising revenue to DM 430m, one of 8.8 per cent in actual copy sales to DM 408m, and a near 29 per cent climb to DM 144m in contract printing business.

Norwegian banks approve merger

By Fay Gjester in Oslo

CHRISTIANIA Bank og Kreditkasse and Andresens Bank, of Norway, which last month revealed that they were considering a merger, announce that their respective boards have approved a proposed merger agreement.

This will be submitted to the two banks' representative councils on October 1 and, if both approve, it will then be put before shareholders at special general meetings. A spokesman for Christiania Bank said details of the merger agreement could not be released until it had been debated by the representative councils.

Schuldscheine issue

The West German Finance Ministry has re-entered the domestic bond market with a new issue of Schuldscheine promissory notes with maturities ranging from four to 15 years, writes Reuter from Frankfurt. The four-year notes yield 7.65 per cent and the 15-year notes 7.93 per cent. The previous Schuldscheine issue was in early August, with 12-year paper yielding 7.70 per cent and 15-year notes 7.75 per cent.

In Paris, Credit National, a French Government-controlled lending institution, has floated a FFr 1.25bn bond. The 15-year bonds offer a gross yield of 11.65 per cent.

Downturn for Bekaert

BY OUR FINANCIAL STAFF

SUBSTANTIALLY lower profits for the first half of 1979 are reported by Bekaert, the Belgian company which is the largest producer in Europe of industrial wire. Bekaert expects, however, to maintain its dividend this year.

Net profits are 31 per cent lower at BFr 441m ($15.5m) with the setback contrasting sharply with the optimism expressed by the company in May. Then, progress made during the opening four months of 1979 led Bekaert to expect an improvement in business for this year.

Parent company net profit was BFr 277m compared to BFr 376m on turnover of BFr 8.63bn, against BFr 8.42bn. Bekaert said prospects for the second half of this year were "moderate" and it expected to maintain its dividend of BFr 130. Parent activity picked up slightly in the second quarter after a slowdown at the start of the year.

However, despite lower group profits for the first half of this year, contributions from overseas subsidiaries are continuing to grow, Bekaert stressed.

● Compagnie Royale Asturienne des Mines continued losses during the first half of this year but a company spokesman declined to give figures. Asturienne expects to be in deficit throughout 1979 with losses confined mainly to zinc production as a result of low market prices.

However, the company's recent decision to limit zinc output at Auby in France for several months should help to harden prices.

Strong turnround at UCB

BY GILES MERRITT IN BRUSSELS

UCB, the Belgian chemicals, pharmaceuticals and packaging films group, announces a strong profits turnround for the first half of 1979 and indicates that the profits level it now expects for the full year will enable it to resume dividend payments.

In contrast to the first-half figures for 1978, when net losses were BFr 148m ($5.2m), UCB has chalked up earnings after tax of BFr 253m ($8.9m) for the first six months of this year. Gross profits for the 1979 period were BFr 311m on sales of BFr 10.45bn, as against BFr 9bn in the first half of 1978.

UCB, which last paid a dividend in 1976, is to declare an interim dividend to shareholders in December. Payment in 1976, when net profits for the year were BFr 184m, was BFr 140 per share.

The surge in UCB's profitability confirms the trend revealed by the group in April, when it announced that it had returned to the black for the whole of 1978 with net earnings of BFr 103m on sales that rose just 3 per cent over those of 1977 to reach BFr 17.78bn.

That slight improvement accelerated sharply during the first six months of this year, with sales up 16 per cent on the same 1978 period. UCB says that so far there have been no signs of a slow-down in that improved demand, although it is clear that price increases in petroleum products and petrochemicals have encouraged some stock-building among customers.

The group points to a significant improvement in the chemical sector, which in 1977 suffered a 3 per cent drop in sales and losses of BFr 339m. For 1978 chemicals represented a loss of BFr 40m that was offset only by the transfer for BFr 112m of part of UCB's methylamine unit to Virchem, an associated company in which the UCB SA holding company has a 49 per cent stake.

UCB SA, announcing first half 1979 profits that include dividends received from subsidiaries, shows net earnings of BFr 198m, as against a BFr 90m loss in the comparable 1978 period.

The UCB group's film sector, which in 1977 had losses of BFr 105m and further losses of BFr 132m last year, is now at around break-even point. The pharmaceuticals side has improved its profits, according to UCB, thus reinforcing its position as a vital source of group profitability. Last year earnings from pharmaceuticals rose to BFr 138m from BFr 63m in 1977.

Downturn for General Tire South Africa

By Jim Jones in Johannesburg

LAST WEEK'S announcement that General Tire and Rubber of the U.S. was disposiing of its entire interest in the South African tyre and rubber products manufacturer, General Tire (South Africa), has been followed by disappointing interim profit figures from the South African affiliate.

For the six months to June 25, pre-tax profits declined to R3.56m ($4.3m), from R3.7m in the first half of 1978. Sales rose 10.7 per cent to R39.1m ($46.8m), from R35.3m.

The Board is not optimistic of any short-term improvement. Increased fuel costs and speed restrictions have affected the tyre replacement market to such an extent that for the first time in many years, unit sales of the company's tyre division declined.

With no immediate prospects of improvement, it is not expected that manufacturing capacity will be utilised fully in the foreseeable future.

On the other hand, the industrial rubber products divisions have all reported improved profits, and with a wider spread of products following recent acquisitions, further improvements are expected.

Capital expenditure plans have slowed down, allowing an increased interim dividend of 25 cents, against 20 cents, to be paid from first-half earnings per share of 64.2 cents, compared with 65.7 cents.

Birla offshoot suffers setback

By P. C. Mahanti in Calcutta

THE TEXTILE MACHINERY CORPORATION OF INDIA (Texmaco), the West Bengal-based heavy engineering company belonging to the Birla Group, has reported a setback for the year to December last, primarily as a result of power and shipping difficulties.

Pre-tax profits dipped to Rs 17.4m ($2.1m) from Rs 30m. Sales fell to Rs 237.5m ($29m), from Rs 307.8m.

Texmaco's export activities were satisfactory, with substantial orders received for railway wagons from Bangladesh and Uganda; hydraulic steel gates and equipment from Malawi; boilers from Bangladesh, and textile machinery from Tanzania and Thailand. Shipping difficulties prevented the company from executing the export orders fully.

Moscow Narodny to sell Consolidated Hotels stake

BY GEORGIE LEE IN SINGAPORE

THE MOSCOW NARODNY Bank in Singapore has put up for tender 15.53m shares in Consolidated Hotels (CHL) which were originally pledged as collateral to the bank by the former CHL director, Mr. Amos Dawe, in 1974.

The bank has stipulated a minimum bid price of S$1.55 per share for the 15.53m shares, which represent 46.3 per cent of CHL's issued capital of 33.55m shares of S$1 each par value.

The tender is conditional upon the successful bidder giving an undertaking to make a takeover offer for the remaining issued capital of 18.02m shares within a reasonable time and on no less favourable terms than those on the acquisition of the 15.53m. This is to comply with the provisions of the Singapore Code on Takeovers and Mergers.

Moscow Narodny Bank was granted a foreclosure order absolute on these shares in September last year and has been granted exemption by the Singapore Securities Industry Council, from the provisions of the Code on Takeovers and Mergers requiring it to bid for the remaining shares, provided that the bank sells the shares as soon as possible.

CHL which owns the Peninsula Hotel and the partially completed shopping and commercial complex, Peninsular Plaza, in Singapore, raised its issued capital to the present level of 33.55m shares in July 1973, when it issued 18m new shares in exchange for the entire capital of Peninsula Hotel.

However, the 18m new shares were never granted a listing on the Stock Exchange of Singapore and Moscow Naroday Bank has disclosed that its offer of 15.53m shares comprises 6m listed shares and 9.53m unlisted shares.

Trading in the listed shares was suspended in 1976 by the Stock Exchange, and the last transacted price was S$5½ per share.

Last year, Mr. Jack Chia, chairman of Jack Chia-MPH group, was offered 1.8m shares in CHL at S8.3 Singapore cents per share. However, the offer was not accepted.

The net tangible assets value per share of CHL as at March this year was S$1.24. CHL has had an erratic profit record, with post-tax profit fluctuating from S$986,939 in 1976 to S$3.76m in 1977 and S$485,532 last year. For the half-year to March 1979, the group reported pre-tax profit of S$930,807.

However, the group is now poised to enjoy improved earnings from its partially completed Peninsula Plaza. The S$77m Peninsula Plaza, when completed in March, 1981, will comprise a 30-storey complex with two basements, two podiums and tower block.

Smorgon reduces ATL offer

By James Forth in Sydney

THE ON-AGAIN off-again for betting systems group ATL has been changed again. The Smorgon Group, which has been seeking ATL for several months, has clipped 5 cents off the bid price of its most-recently announced offer, following the disclosure that ATL's shareholders' funds were lower than earlier believed.

In June Smorgon announced plans to bid A$1.45 a share for ATL but withdrew after ATL announced unexpected losses of A$8.5m (U.S.$9.6m) and plans to sell the U.S. offshoot, Autotote. Smorgon subsequently gained control through the sharemarket bidding A$1.25 a share, but said that a full offer would not be extended to remaining holders.

Alternative plan for Bank of Adelaide

BY OUR SYDNEY CORRESPONDENT

AN ALTERNATIVE to the Bank of Adelaide merger with the ANZ banking group has been proposed by Mr. Robert Holmes a'Court the Perth businessman. The alternative A$110m (U.S.$124m) scheme, which was put forward some weeks ago, would enable the Adelaide to retain its identity, but would require the sale of its finance company offshoot, Finance Corporation of Australia.

Mr. Holmes a'Court is chief executive of Bell Group, which has been in the news recently as one of the major purchasers of shares in the transport and airline group, Ansett Transport Industries. However, the approach was made in a private capacity rather than on behalf of Bell Group. Mr. Holmes a'Court said yesterday that his proposal was not intended to rival the ANZ scheme, but to enable the Adelaide to maintain its independence if the ANZ deal fell through.

A meeting of Adelaide shareholders will be held on October 15 to consider approval for merger which will be handled as a scheme of arrangement, rather than as a takeover under the Companies Act. The proposal has come under considerable criticism. At first, the court rejected the proposed method, but subsequently allowed the meeting to be held.

A leading businessman, Mr. Myer Solomon has organised a campaign seeking to maintain the Adelaide as a separate entity. The newly elected Premier of South Australia, Dr. David Tonkin has stated that he would prefer the Adelaide to remain independent, and yesterday the Federal Opposition spokesman on industry and commerce, Mr. Chris Hurford called on Adelaide shareholders to reject the ANZ merger proposal.

Mr. Holmes a'Court's alternative is to sell FCA to an overseas bank, reportedly a UK bank, for up to A$80m. Provided this amount could be obtained, it would enable a capital reconstruction of the Adelaide, based on the willingness of two Australian parties to underwrite a A$30m equity issue by the bank. This plan would not result in any change of control or ownership of the Adelaide.

Reconstruction of Marra gets go-ahead

By Our Sydney Correspondent

THE FIVE YEAR old saga of the pastoral group Marra Developments is nearing an end with the approval by the New South Wales Supreme Court of a capital reconstruction of the company. The court approved repayment of 30 cents a share on the ordinary shares, and the cancellation of the remaining 20 cents, leaving the preference holders in control of the company.

Marra has been involved in a long standing dispute since its merger in 1974 with another pastoral group, Scottish Australian Holdings. A dissident group of shareholders, mainly family holders from the "old" Marra, claimed that the Board was engaged in a de facto liquidation of Marra through the sale of assets.

After several court battles a compromise was recently agreed involving a capital reconstruction, but some preference holders, which are mainly institutions, have delayed approval because they claimed to have insufficient details about the proposal. It was revealed yesterday in court that the dissident shareholders would be paid about A$530,000 (US$599m) by Marra to compensate for legal costs incurred.

Mr. P. Berner, the managing director of Marra, will also be paid A$160,000 for legal costs and compensation relating to defamation charges which were dropped by Mr. Berner as a condition of the settlement. The repayments will total about A$7.75m.

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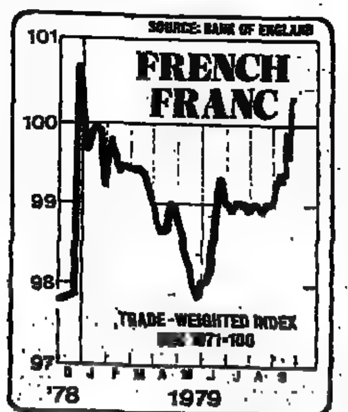
CURRENCIES, MONEY and GOLD

Dollar steadies with support

Substantial intervention by Central Banks pushed the dollar firmer in currency markets yesterday, although it retained a softish undertone. Initial trading was a little confused and nervous as the market acquainted itself with last weekend's currency re-alignments within the European Monetary System. The U.S. unit showed marginal gains early on, possibly reflecting some unwinding of D-mark positions, but it was not long before the main reasons behind the dollar's recent weakness began to re-assert themselves. However, later in the day intervention by the Federal Reserve Bank helped the dollar stage a mild recovery, with further profit-taking in the stronger currencies also helping. By the close it had risen above Friday's finishing levels, and against the D-mark was quoted at DM 1.7715 against DM 1.7645 and SwFr 1.5775 against SwFr 1.5710 in terms of the Swiss franc.



On Bank of England figures the dollar's trade weighted index rose slightly to 84.3 from 84.2.

Sterling showed little clear direction for most of the day, and at times followed movements in the dollar. After opening at $2.1600, it briefly touched $2.1625 before settling back to around $2.1575. As the dollar recovered in the afternoon, the pound touched a low of $2.1510 but came back at the close to $2.1565-2.1575, a loss of 65 points. Using Bank of England figures, its trade weigthed index fell to 67.9 from 68.2, having stood at 67.8 at noon and 68.2 in the morning.

Within the EMS, the Italian lira remained the most improved currency, but only by a very small margin over the adjusted Danish krone. However some dealers were unhappy with the limited changes within the EMS and pointed out that the Belgian franc could now be subjected to considerable pressure as the weakest member of the system.

FRANKFURT—The dollar was fixed at DM 1.7653 yesterday down from Friday's figure of DM 1.7732, and there was no intervention by the Bundesbank. This was the dollar's lowest fixing since October 1978, just before President Carter's intervention package was announced.

Within the EMS the Belgian franc was fixed at DM 6.226 per BFr 100, below the new mid-rate of DM 6.2380, but comfortably above the lower intervention point of DM 6.099. The Danish krone was fixed above its mid-point at DM 34.43 per DKr 100 compared with DM 34.695 on Friday.

COPENHAGEN — Yesterday's devaluation left the Danish krone close to its new ceiling levels within the EMS. At the fixing one D-mark was worth DKr 2.9065 compared with DKr 2.8945 on Friday.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU September 24	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc ...	39.8456	40.0410	+0.49	+0.61	±1.53
Danish Krone ..	7.36594	7.24064	−1.70	−1.69	±1.635
German D-Mark	[illegible]	[illegible]	+0.24	+0.25	±1.125
French Franc ...	5.85522	5.85622	+0.02	+0.04	±1.3575
Dutch Guilder ..	2.74748	[illegible]	+0.08	+0.09	±1.515
Irish Punt	0.669141	0.663908	−0.78	−0.77	±1.665
Italian Lira	1159.42	1139.40	−1.72	−1.72	±4.06

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

THE POUND SPOT AND FORWARD

Sept. 24	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.1510-2.1625	2.1565-2.1575	0.23-0.13c pm	1.00	0.92-0.82 pm	1.61
Canada	2.5120-2.5225	2.5170-2.5180	0.48-0.38c pm	2.10	1.48-1.38 pm	2.27
Nethlnd.	4.19-4.24	4.20½-4.21½	2-1c pm	4.28	5¾-4¾c pm	4.51
Belgium	60.90-62.00	61.40-61.50	10c pm-par	0.98	30-20 pm	[illegible]
Denmark	11.02-11.13	11.07½-11.08½	5¾-7¾ore dis	−6.77	10-12 dis	−3.97
Ireland	1.0120-1.0215	1.0183-1.0193	28-36p dis	−3.65	79-89 dis	−3.30
W. Ger.	3.79-3.84	3.81½-3.82½	2⅞-1⅞pf pm	[illegible]	7½-6½ pm	7.07
Portugal	105.75-106.90	106.05-106.35	30-80c dis	−6.21	155-255 dis	−7.72
Spain	142.00-143.00	142.40-142.50	30-80c dis	−4.63	95-195 dis	−4.07
Italy	1,735-1,750	1,741½-1,743½	[illegible] pm-1½dis	−0.34	[illegible] dis	[illegible]
Norway	10.64-10.76	10.69½-10.70½	2ore pm-par	1.12	5¾-4¾ dis	1.78
France	8.92-9.00	8.95⅞-8.96⅞	1c pm-par	0.67	3¾-2¾ pm	1.23
Sweden	8.96-9.08	8.97½-8.98½	[illegible] pm	2.50	5¾-3¾ pm	[illegible]
Japan	475-485	480½-481½	2.80-2.60y pm	6.74	8.40-8.20 pm	[illegible]
Austria	27.20-27.70	27.45-27.55	17-7gro pm	5.24	43-33gro pm	[illegible]
Switz.	3.38-3.43	3.39¼-3.40¼	4-3c pm	12.34	11¾-10¾ pm	12.78

Belgian rate is for convertible francs. Financial franc 62.85-62.95c pm. Six-month forward dollar 1.65-1.60c pm, 12-month 3.20-3.10c pm.

THE DOLLAR SPOT AND FORWARD

Sept. 24	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.1510-2.1625	2.1565-2.1575	0.23-0.13c pm	1.00	2.70-2.40 pm	4.80
Ireland†	2.1170-2.1270	2.1220-2.1270	1.0-0.80c pm	5.08	0.92-0.82 pm	1.61
Canada	1.1667-1.1686	1.1682-1.1686	0.08-0.05c pm	0.67	0.18-0.14 pm	0.55
Nethlnd.	1.9460-1.9560	1.9485-1.9515	0.60-0.50c pm	3.38	1.60-1.40 pm	2.97
Belgium	28.33-28.48	28.45-28.48	2c pm-1 dis	0.63	2 pm-1 dis	0.21
Denmark	5.1230-5.1416	5.1375-5.1390	2.50-3.0ore dis	−6.42	6.35-6.85dis	−5.14
W. Ger.	1.7643-1.7710	1.7700-1.7710	0.89-0.79pf pm	5.69	2.46-2.36 pm	5.44
Portugal	49.20-49.35	49.20-49.30	25-40c dis	−7.92	80-135 dis	−8.73
Spain	66.03-66.06	66.03-66.05	[illegible] dis	−8.18	86-115 dis	−6.36
Italy	805.75-809.50	806.75-807.25	0.80-1.30 lire dis	−1.56	4.75-5.50dis	−2.54
Norway	4.9485-4.9802	4.9600-4.9610	0.50ore pm-par	0.60	0.40-0.10 pm	0.20
France	4.1475-4.1605	4.1545-4.1565	0.05c pm-0.01 dis	0.09	0.35-0.45dis	−0.38
Sweden	4.1635-4.1780	4.1635-4.1645	0.05-0.15ore dis	−0.29	0.30-0.50dis	−0.38
Japan	222.40-223.00	222.80-223.00	1.10-0.95y pm	5.52	3.05-2.90 pm	5.34
Austria	12.710-12.775	12.735-12.745	5.0-4.50gro pm	4.47	13.0-11.5 pm	3.85
Switz.	1.5730-1.5800	1.5762-1.5772	1.57-1.52c pm	11.76	4.46-4.41 pm	11.25

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY RATES

Sept. 21	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	14	0.605882	0.65191
U.S. $	10½	1.30901	1.40944
Canadian $ ..	12¼	1.52932	1.645677
Austria Sch ..	3¾	16.7239	[illegible]
Belgian F	9	[illegible]	40.0740
Danish K	11	6.68850	7.19380
D Mark	5	2.32114	2.49725
Guilder	6	2.55781	[illegible]
French Fr. ...	9½	5.43894	5.85342
Lira	10½	1054.73	1136.01
Yen	5¼	289.815	313.418
Nrwgn. K	7	6.47956	7.02749
Spanish Pes..	8	86.4117	93.0867
Swedish Kr...	7	—	6.06119
Swiss Fr......	1	2.06562	[illegible]

CURRENCY MOVEMENTS

Sept. 24	Bank of England Index	Morgan Guaranty changes %
Sterling	67.9	−37.5
U.S. dollar	[illegible]	−8.8
Canadian dollar	80.6	−17.1
Austrian schilling..	154.6	+22.9
Belgian franc	115.1	+14.6
Danish kroner	115.7	+5.7
Deutsche mark	155.2	+44.5
Swiss franc	[illegible]	+86.8
Guilder	[illegible]	+19.7
French franc	100.3	−6.7
Lira	55.4	−49.0
Yen	127.4	+26.0

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

OTHER MARKETS

Sept. 24	£	$		Note Rates
Argentina Peso....	3138-3158	1455-1464	Austria..........	27-28
Australia Dollar....	1.9060-1.9160	0.8835-0.8880	Belgium	62¼-63¼
Brazil Cruzeiro....	62.38-63.38	28.92-29.38	Denmark..........	11.00-11.10
Finland Markka....	8.08-8.09	3.7460-3.7505	France..........	8.90-9.00
Greek Drachma ..	78.612-80.504	36.45-37.32	Germany..........	3.75-3.85
Hong Kong Dollar	10.65-10.85	5.0340-5.0360	Italy	1,740-1,790
Iran Rial	151.00-156.50	70-73½	Japan	477-487
Kuwait Dinar (KD)	0.592-0.602	0.2765-0.2766	Netherlands	4.15-4.25
Luxembourg Frc.	61.40-61.50	28.46-28.50	Norway..........	10.60-10.70
Malaysia Dollar...	4.6350-4.6450	2.1580-2.1590	Portugal..........	103-110
New Zealand Dlr.	2.1490-2.1590	0.9960-1.0010	Spain	141-144
Saudi Arab. Riyal.	7.20-7.30	[illegible]	Switzerland	3.35-3.45
Singapore Dollar.	4.6170-4.6270	2.1515-2.1525	United States	2.15½-2.16½
Sth. African Rand	1.7825-1.7925	0.8265-0.8310	Yugoslavia........	44½-46½

Rate given for Argentina is free rate.

EXCHANGE CROSS RATES

Sept. 24	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'r	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.157	3.820	480.8	8.961	3.403	4.210	1743.	2.518	61.45
U.S. Dollar	0.464	1.	1.771	222.9	4.154	1.577	1.952	807.8	1.167	28.49
Deutschemark	0.262	0.565	1.	125.9	2.346	0.891	1.102	456.2	0.659	16.09
Japanese Yen 1,000	2.080	[illegible]	7.946	1000.	18.64	7.077	[illegible]	3626.	5.238	127.8
French Franc 10	1.116	2.407	4.263	536.5	10.	3.797	4.698	1944.	2.810	68.57
Swiss Franc	0.294	0.634	1.123	141.3	2.634	1.	1.237	512.1	0.740	18.06
Dutch Guilder	0.238	0.512	0.907	114.2	2.129	0.808	1.	413.9	0.598	14.60
Italian Lira 1,000	0.574	1.238	2.192	275.9	5.143	1.953	2.416	1000.	1.445	35.27
Canadian Dollar	0.397	0.857	1.517	190.9	3.559	1.351	1.672	692.0	1.	24.40
Belgian Franc 100	1.627	3.510	6.216	782.4	14.58	5.537	6.851	2836.	4.098	100.

EURO-CURRENCY INTEREST RATES

The following nominal rates were quoted for London dollar certificates of deposit: one month 12.10-12.20 per cent; three months 12.35-12.45 per cent; six months 12.45-12.65 per cent; one year 11.95-12.05 per cent.

Sept. 24	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
Short term......	14⅛-14⅜	11½-11¾	10½-11½	9⅛-9⅜	¼-par	6-6⅛	11½-11¾	9½-11½	—	5-5¾
7 days' notice.	14-14¼	11⅞-12⅛	10½-11½	9⅛-9⅜	⅞-1⅛	6⅛-6⅜	11½-11¾	12 14	11[illegible]-12[illegible]	6¾-7¼
Month	14[illegible]-14¼	12¾-13	11¼-11⅜	9⅜-9⅝	1[illegible]-1[illegible]	6[illegible]-7	12¾-13	13¾-14¾	13-13⅛	6[illegible]-7[illegible]
three months....	14[illegible]-14[illegible]	12½-12¾	11¾-12⅛	9[illegible]-9[illegible]	1[illegible]-1[illegible]	7⅛-7¼	13-13⅛	13½-14½	12[illegible]-12[illegible]	7[illegible]-7[illegible]
six months......	14[illegible]-14[illegible]	12[illegible]-12[illegible]	11[illegible]-12[illegible]	9[illegible]-9[illegible]	2⅛-2¼	7⅜-7½	13⅜-13⅝	14¾-15¾	12¾-12⅞	7-7¼
one year.........	14-14¼	12[illegible]-12[illegible]	11⅜-11¾	9⅜-9⅝	2⅛-2⅜	7⅜-7½	13⅜-13⅝	15-16	12¼-12⅜	6[illegible]-7⅛

Long-term Eurodollar two years 11¼-11⅜ per cent; three years 11-11⅛ per cent; four years 10⅞-11 per cent; five years 10¾-10⅞ per cent; nominal closing rates. Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two-day call for guilders and Swiss francs. Asian rates are closing rates in Singapore.

INTERNATIONAL MONEY MARKET

European rates ease

European short term interest rates showed a weaker tendency yesterday following EMS currency re-alignments over the weekend. In Frankfurt inter-bank rates were generally easier apart from call money, which rose to 6.20-6.40 per cent from 5.90-6.00 per cent. Longer term rates were quoted at 7.50-7.70 per cent unchanged for one-month, and 7.70-7.90 per cent down from 7.85-8.00 per cent for three-month money. The six-month rate fell to 7.90-8.00 per cent from 7.95-8.10 per cent although 12-month money was quoted slightly up at 8.00-8.10 per cent compared with 7.90-8.00 per cent.

PARIS—Call money remained at its recent peak level of 11½ per cent, but longer term rates all fell. One-month money was quoted at 11¼-11⅝ per cent down from 11⅝-11⅞ per cent, three- and six-month money at 11⅝-11⅞ per cent against 11[illegible]-12[illegible] per cent, and 12-month money at 11⅞-11⅞ per cent compared with 11⅞-12[illegible] per cent previously.

AMSTERDAM—Interbank money rates fell quite sharply. Call money slipped to 9¼-9½ per cent from 9¾-10 per cent and one-months was down at 9⅝-9⅞ per cent against 10-10¼ per cent. The three-month rate eased from 10¼-10½ per cent to 9¾-10¼ per cent and six-month money fell to 9¼-9¾ per cent from 10¼-10⅝ per cent.

NEW YORK—The New York Federal Reserve Bank entered the market yesterday to add rserves to the system by making overnight repurchase orders, with Federal funds trading at 11[illegible] per cent.

BRUSSELS—Deposit rates for the Belgian franc (commercial) were quoted at 12¼-12½ per cent for the three-month, 12-12¼ per cent for six-month deposits and 11⅞-11⅞ per cent for 12-month deposits.

HONG KONG—Easy conditions prevailed in the morning, but funds became more hard to come by during the afternoon. Call money was quoted at 10¾ per cent as was the rate for over-night business.

GOLD

Sharp rise

GOLD ROSE sharply in the London bullion market yesterday to close at $377-$380, a rise of $9 an ounce from Friday. Trading was generally featureless with speculative demand pushing the metal to a record fixing level during the afternoon of $380.40. The metal eased a little soon after, but still finished above its opening level of $375-$378.

In Paris the 12½ kilo bar was fixed at FFr 50,900 per kilo ($381.43 per ounce) compared with FFr 50,900 ($380.56) in the morning and FFr 49,800 ($372.79) on Friday.

In Frankfurt the 12½ kilo bar was fixed at DM 21,430 per kilo ($377.50 per ounce) against DM 21,200 ($372.02) previously.

	September 24		September 21	
Gold Bullion (fine ounce)				
Close	$377-380	(£174¾-176¼)	$368-371	(£170.10-171.60)
Opening	$375-378	(£173½-175)	$373-375	(£172.80-173.10)
Morning fixing .	$377.00	(£174.618)	$373	(£172.167)
Afternoon fixing	$380.40	(£176.602)	$369.00	(£170.164)
Gold Coins				
Krugerrand.........	$388-391	(£179¾-181¼)	$378-381	(£174¾-176¼)
Mapleleaf..	$407-412		$403-408	
New Sovereigns..	$98-100	(£45½-46½)	$96-98	(£44¼-45¼)
King Sovs...........	$109-112	(£50½-52)	$109¼-112¼	(£50½-52)
Victoria Sovs.	$116-118	(£53¾-54¾)	$116-118	(£54-55)
Fr 20 Napoleon...	FFr408-427	(SFr155-162)	FFr410-425	(SFr155-161)
50 pesos Mexico	$471-474		$463½-465½	
100 Cor. Austria.	$367-370		$463-365	
$20 Eagles.........	$488-492		$386-490	
$10 Eagles.........	$253-263		$250-260	
$5 Eagles..........	$212-227		$210-225	

UK MONEY MARKET

Very large help

Bank of England Minimum Lending Rate 14 per cent (since June 12, 1979)

Day to day credit was in short supply in the London money market yesterday, and the authorities gave assistance by buying a very large amount of Treasury bills and a small number of corporation bills, all direct from the discount houses. In addition they lent a small amount to two or three houses at MLR for repayment today. Total assistance was termed as very large.

The market was faced with a moderate net take up of Treasury bills to finance and banks brought forward balances a small way below target. There was also the unwinding of a previous sale and purchase agreement which involved a large number of bills.

On the other hand there was a small excess of Government disbursements over revenue transfers to the Exchequer, the principal disbursement being rate support grants, and there was a slight decrease in the note circulation. Discount houses were paying 13¼-13¾ per cent for secured call loans at the start with closing balances taken down to 13¼ per cent.

In the interbank market overnight loans opened at 13½-13¾ per cent eased initially to 13½-13¾ per cent before rising in stages on the revised forecast to 13⅞-13⅞ per cent. Rates then tended to fluctuate between 13½ per cent and 14 per cent, before subsiding to 13-13½ per cent. However late balances were commanding around 14½ per cent.

Rates in the table below are nominal in some cases.

LONDON MONEY RATES

Sept. 24 1979	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight.......	—	13-14⅛	—	—	—	14¼	13¼-14	—	—	—
2 days notice..	—	—	13⅝-13¾	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice..	—	13¾-13⅞	13¾-13⅞	—	14⅛	14¼	13½-13⅞	—	—	—
One month	14[illegible]-13[illegible]	13[illegible]-14[illegible]	13⅞-14⅛	13-14¾	14⅜	14⅜	13¾	13[illegible]	14[illegible]-14[illegible]	14⅝
Two months....	14⅛-14	14[illegible]-14[illegible]	—	14⅛-14⅝	14[illegible]	—	13¾	13[illegible]	14[illegible]-14[illegible]	14½
Three months.	14[illegible]-14[illegible]	14⅛-14¼	14⅛	14⅛-14¼	14½	14⅝	13¾	13[illegible]	14[illegible]-14⅛	14½
Six months....	14-13[illegible]	14[illegible]-14[illegible]	14-14¼	13⅝-13⅝	14⅛	—	—	—	13⅝-13[illegible]	13⅞
Nine months...	13⅝-13[illegible]	13⅝-13⅝	—	13¾-13½	[illegible]	—	—	—	—	—
One year	13⅛-13½	13⅝-13½	13⅜-13½	13⅜-13½	13⅞	—	—	—	—	—
Two years	—	—	13¼-13½	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice others seven days fixed. *Long-term local authority mortgage rates nominally three years 13¾-13⅞ per cent; four years 13-13⅞ per cent; five years 13-13⅞ per cent. ♦Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 13[illegible] per cent; four-month trade bills 14⅛ per cent.

Approximate selling rate for one-month Treasury bills 13 11-64ths per cent; two-month 13 19-64ths per cent; three-month 13 23-64ths-13⅜ per cent. Approximate rates for one-month bank bills 14⅜-14[illegible] per cent; two-month 14[illegible]-14[illegible] per cent and three-month 14[illegible]-14⅛ per cent; one-month trade bills 14⅝ per cent; two-month 14⅝ per cent; and three-month 14⅝ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 14½ per cent from September 1, 1979. Clearing Bank Deposit Rates for small sums at seven days' notice 11½-12 per cent. Clearing Bank Rates for lending 14 per cent. Treasury Bills: Average tender rates of discount 13.4131 per cent.

MONEY RATES

NEW YORK

Prime Rate	13-13.25
Fed Funds	11.6875
Treasury Bills (13-week)	10.10
Treasury Bills (26-week)	10.06

GERMANY

Discount Rate	5
Overnight Rate	[illegible]
One month	7.60
Three months	[illegible]
Six months	[illegible]

FRANCE

Discount Rate	9.5
Overnight Rate	11.50
One month	11.5625
Three months	11.6875
Six months	11.6875

JAPAN

Discount Rate	5.25
Call (Unconditional)	5.875
Bills Discount (three-month)	7

WORLD VALUE OF THE POUND

The table below gives the latest available rates of exchange for the pound against various currencies on September 24, 1979. In some cases rates are nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Exchange in the UK and most of the countries listed is officially controlled and the rates shown should not be taken as being applicable to any particular transaction without reference to an authorised dealer.

Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on U.S. dollar parities and going sterling/dollar rate; (S) member of the sterling area other than Scheduled Territories; (T) tourist rate; (Bas) basic rate; (bt) buying rate; (Bk) bankers' rate; (cm) commercial rate; (cn) convertible rate; (fn) financial rate; (exC) exchange certificate rate; (k) Scheduled Territory; (nc) non-commercial rate; (nom) nominal; (o) official rate; (sg) selling rate.

PLACE AND LOCAL UNIT		VALUE OF £ STERLING
Afghanistan	Afghani	100.00
Albania	Lek	10.168
Algeria	Dinar	8.8796
Andorra	French Franc	8.96125
	Spanish Peseta	142.45
Angola	Kwanza	67.753
Antigua (S)	E. Caribbean $	5.83
Argentina	Ar. Peso Free Rate	3,148
Australia (S)	Australian $	1.9110
Austria	Schilling	27.50
Azores	Portug. Escudo	106.20
Bahamas (S)	Ba. Dollar	2.1570
Bahrain (S)	Dinar	0.820
Balearic Isles	Spa. Peseta	142.45
Bangladesh (S)	Taka	34.52 (sg)
Barbados (S)	Barbados $††	4.3140
Belgium	B. Franc	(cm) 61.45
		(fn) 62.90
Belize	B $	4.3140
Benin	C.F.A. Franc	448¼
Bermuda (S)	Bda $	[illegible]
Bhutan	Indian Rupee	17.68 (sg)
Bolivia	Bolivian Peso	43.14
Botswana (S)	Pula	1.7863
Brazil	Cruzeiro ‡‡	62.88
Brit. Virgin Isles (S)	U.S. $	2.1570
Brunei (S)	Brunei $	4.622
Bulgaria	Lev	1.9160
Burma	Kyat	14.510
Burundi	Burundi Franc	200.37
Cameroon Republic	C.F.A. Franc	448¼
Canada	Canadian $	2.5160
Canary Islands	Spanish Peseta	142.45
Cape Verde Isle.	Cape V. Escudo	78.75
Cayman Islands (S)	Cay. Is. $	1.7975
Cent. Af. Repub.	C.F.A. Franc	448¼
Chad	C.F.A. Franc	448¼
Chile	C. Peso	(Bk) 84.00
China	Renminbi Yuan	3.2843
Colombia	C. Peso	(F) 92.36
Comoro Islands	C.F.A. Franc	448¼
Congo (Brazzaville)	C.F.A. Franc	448¼
Costa Rica	Colon	18.5602
Cuba	Cuban Peso	1.5295
Cyprus (S)	Cyprus £	0.75
Czechoslovakia	Koruna	(com) 11.75
		n/c 22.60
		(T) 19.78
Denmark	Danish Krone	11.08
Djibouti	Fr.	362.0
Dominica (S)	E. Caribbean $	5.83
Dominican Repub.	Dominican Peso	[illegible]
Ecuador	Sucre	(O) 53.58
		(F) 60.74
Egypt	Egyptian £	(U) 1.5826
Equatorial Guinea	Peseta	142.45
Ethiopia	Ethiopian Birr	(P) 4.4701
Falkland Islands (S)	Falkland Is. £	1.0
Faro Islands	Danish Krone	11.06
Fiji Islands	Fiji $	1.7950
Finland	Markka	[illegible]
France	French Franc	8.96125
French C'tyin Af	C.F.A. Franc	448¼
French Guiana	Local Franc	8.96125
French Pacific Is.	C.F.P. Franc	162.93
Gabon	C.F.A. Franc	448¼
Gambia (S)	Dalasi	4.0
Germany (East)	Ostmark	3.82
Germany (West)	Deutsche Mark	3.82
Ghana (S)	Cedi	5.89 (sg)
Gibraltar (K)	Gibraltar £	1.0
Gilbert Islands	Australian $	1.9110
Greece	Drachma	79.558

PLACE AND LOCAL UNIT		VALUE OF £ STERLING
Greenland	Danish Kroner	11.08
Grenada (S)	E. Caribbean $	5.83
Guadaloupe	Local Franc	8.96125
Guam	U.S. $	2.1570
Guatemala	Quetzal	2.1570
Guinea Republic	Sily	40.99
Guinea Bissau		73.055
Guyana (S)	Guyanese $	5.5003
Haiti	Gourd	10.785
Honduras Repub.	Lempira	4.33
Hong Kong (S)	H.K. $	10.840
Hungary	Forint	(com) 77.50
		(T/nc) 44.17
Iceland (S)	I. Krona	817.0
India (S)	Ind. Rupee	17.68 (sg)
Indonesia	Rupiah	1,548.1
Iran	Rial	154.80
Iraq	Iraq Dinar	0.6302
Irish Republic (k)	Irish £	1.0188
Israel	Israel £	62.5862
Italy	Lira	1742.5
Ivory Coast	C.F.A. Franc	448¼
Jamaica (S)	Jamaica Dollar	3.8470
Japan	Yen	480.75
Jordan (S)	Jordan Dinar	0.641
Kampuchea	Riel	2588.4
Kenya (S)	Kenya Shilling	15.915
Korea (Nth)	Won	1.9645 (i)
Korea (Sth)	Won	1042.15
Kuwait (Sth)	Kuwait Dina	0.597
Laos	Kip Pot Po	862.8
Lebanon	Lebanese £	7.057
Lesotho	S. African Rand	1.7875
Liberia	Liberian $	2.1570
Libya	Libyan Dinar	0.6385
Liechtenstein	Swiss Franc	3.4025
Luxembourg	Lux Franc	61.45
Macao	Pataca	11.454
Madeira	Portug'se Escudo	106.20
Malagasy Republic	MG Franc	448¼
Malawi (S)	Kwacha	1.7550
Malaysia (S)	Ringgit	4.6400
Maldive Islands (S)	Mal Rupee	8.477
Mali Republic	Mali Franc	896.125
Malta (S)	Maltese £	0.7560
Martinique	Local Franc	896.125
Mauritania	Ouguiya	91.133
Mauritius (S)	M. Rupee	12.8075
Mexico	Mexican Peso	49.11
Miquelon	C.F.A. Franc	448¼
Monaco	French Franc	896.125
Mongolia	Tugrik	(O) 6.542 (ij)
Montserrat	E. Caribbean $	5.83
Morocco	Dirham	8.28
Mozambique	Moz. Escudo	65.095
Nauru	Australian Dollar	1.9110
Nepal	Nepalese Rupee	25.88
Netherlands	Guilder	4.21
Netherland Antilles	Antillian Guilder	3.8610
New Hebrides	Franc	144.82
	Aust. Dollar	1.9110
New Zealand (S)	N. Z. Dollar	[illegible]
Nicaragua	Cordoba	21.54
Niger Republic	C. F. A. Franc	448¼
Nigeria (S)	Naira	1.2547 (sg)
Norway	Norway Krone	10.6975
Oman Sul'ate of (S)	Rial Omani	0.746
Pakistan	Pakistan Rupee	21.25
Panama	Balboa	2.1570
Papua N. Guinea (S)	Kina	1.5285
Paraguay	Guarani	[illegible]

PLACE AND LOCAL UNIT		VALUE OF £ STERLING
Peoples D. Repub. of Yemen (S)	S Yemen Dinar	(A) 0.7356
Peru	Sol	exc A 508.89
Philippines	Philippine Peso	15.85
Pitcairn Islands (S)	£ Sterling	—
	New Zealand $	2.1540
Poland	Zloty	(Cm) 69.10
		T 69.10
Portugal	Portuguese Escudo	106.20
Port Timor	Timor Escudo	106.20
Principe Islands	Portugu'se Escudo	106.20
Puerto Rico	U.S. $	2.1570
Qatar (S)	Qatar Ryal	8.08
Reunion Ile de la	French Franc	9.1025
Rhodesia	Rhodesian $	1.4959
Romania	Leu	(C) 9.97
		(nc T) 6.77
Rwanda	Rwanda Franc	205.24
St. Christopher (S)	E. Caribbean $	5.83
St. Helena	St. Helena £	1.0
St. Lucia	E. Caribbean $	5.83
St. Pierre	C.F.A. Franc	448¼
St. Vincent (S)	E. Caribbean $	5.83
Salvador El	Colon	5.39
Samoa American	U.S. $	2.1570
San Marino	Italian Lire	1742.5
Sao Tome	Dobra	N.A.
Saudi Arabia	Ryal	7.25
Senegal	C.F.A. Franc	448¼
Seychelles	S. Rupee	13.35
Sierra Leone (S)	Leone	2.2546
Singapore (S)	Singapore $	4.622
Solomon Islands (S)	Solomon Is. $	1.9234
Somali Republic	Somali Shilling	(A) 13.9939
South Africa (S)	Rand	1.7875
South West African Territories (S)	S. A. Rand	1.7875
Spain	Peseta	142.45
Spanish ports in North Africa	Peseta	142.45
Sri Lanka (S)	S. L. Rupee	33.47
Sudan Republic	Sudan £	n.a.
Surinam	S. Guilder	3.8610
Swaziland (S)	Lilangeni	1.7875
Sweden	S. Krona	8.925
Switzerland	Swiss Franc	3.4025
Syria	Syria £	(A) 8.4688
Taiwan	New Taiwan	(P) 77.652
Tanzania (S)	Tan. Shilling	17.75
Thailand	Baht	43.80
Togo Republic	C.F.A. Franc	448
Tonga Islands (S)	Pa'anga	1.9253
Trinidad (S)	Trinidad & Tob $	5.177
Tunisia	Tunisian Dinar	0.854 (Sg)
Turkey	Turkish Lira	106.35
Turks & Caicos	U.S. $	2.1570
Tuvalu	Australian $	1.9110
Uganda (S)	Uganda Shilling	15.75
United States	U.S. Dollar	2.1570
Uruguay	Uruguay Peso	(cm) 17.63
		(fn) 17.62
Utd. Arab Emirates	U A E. Dirham	8.18
U.S.S.R.	Rouble	1.4720
Upper Volta	C.F.A. Franc	448¼
Vatican	Italian Lira	1742.5
Venezuela	Bolivar	9.25
Vietnam	Dong	(O) 4.70
		(T) 4.92
Virgin Islands U.S.	U.S. Dollar	2.1570
Western Samoa (S)	Samoan Tala	1.9095
Yemen	Ryal	9.77 (sg)
Yugoslavia	New Y Dinar	41.1027
Zaire Republic	Zaire	4.401289
Zambia	Kwacha	1.695

*That part of the French community in Africa formerly French West Africa or French Equatorial Africa. † Rupees per pound. ‡ General rates of oil and iron exports 90.594. Based on gross rates against Russian rouble. **Rate is the transfer market (controlled). †† Rate is now based on 2 Barbados $ to the dollar. ‡‡ Now one official rate. (U) Unified Rate. Applicable on all transactions except countries having a bilateral agreement with Egypt, and are not members of I.M.F. (f) Based on cross rates against Russian rouble. ♦ Incentive Rate.

Easier early Wall St. trend in quieter trade

INVESTMENT DOLLAR PREMIUM
$2.60 to £1—35½% (33½%)
Effective $2.1570 12¼% (11½%)

AN EASIER bias was evident on Wall Street yesterday morning in quieter trading as profit-taking took place after last week's advance.

The Dow Jones Industrial Average was 2.39 off at 891.55 at 1 pm, while the NYSE All Common Index lost 16 cents to $62.72 and declining issues outscored gains by an eight-to-five margin. Trading volume slowed to 22.87m shares from last Friday's heavy 1 pm amount of 39.39m.

Closing prices and market reports were not available for this edition.

Underlying concern about higher interest rates and Federal Reserve policy partly dampened sentiment, while analysts also noted that investors are expected to be cautious awaiting the report of latest U.S. inflation statistics.

The Government is expected to report August consumer price figures today and estimates circulating on Wall Street put the consumer price index rise in the same general area as the one per cent gain reported for July, thus continuing double-digit inflation.

Stocks of participants in the Hibernia well off Newfoundland continued to retreat following accounts on Friday of initial tests of the well, which analysts called disappointing. Standard Oil of California lost 1¾ to $58, Gulf Oil ½ to $34½, Mobil 1½ to $52 and Columbia Gas 1½ to $35½.

Exxon eased ½ to $58¾. It is proceeding with the purchase of Reliance Electric shares.

Active General Motors, however, gained 1½ to $65¾. It has developed a new battery that will enable it to market electric-powered cars by 1985, according to a press report.

Charter Company declined 1¾ to $46¾. The company has regained control of a refinery in the Bahamas by satisfying all secured and unsecured creditors of the operations.

Superior Oil surged ahead 7¾ to $532.

THE AMERICAN SE Market Value Index was down 0.43 at 226.81 at 1 p.m. after 3.13m shares changing hands (4.47m).

Active Tubos De Acero put on ½ to $10½, however, while National Kinney rose ⅛ to $3⅜ and Gulfstream Land Development ½ to $15⅜.

Flightsafety advanced 1½ to $25½. The company has received a new contract with Cessna Aircraft which it called "the largest training agreement" in Flightsafety's history.

Canada

Markets made a mixed showing at mid-day following reduced although still active trading.

The Toronto Composite Index shed 0.9 to 1,740.0 at noon, while the Oils and Gas index receded 5.4 to 3,397.4, but Metals and Minerals rose 13.4 to 1,528.4 and Golds 9.2 to 2,275.0. In Montreal, Banks declined 0.92 to 314.16 but Papers hardened 0.19 to 176.86.

Consumers Distributing fell 1⅜ to C$13⅝ and Revelstoke 1½ to C$10. The two companies have called off merger talks. Kerr Addison, which is to discontinue production at its Agnew Lake uranium mine, lost ¾ to C$10½.

Asbestos receded 3½ to C$40½ after the Quebec Government said that it will stick to its C$42 per share offer.

Tokyo

Market was closed yesterday for the Autumnal Equinox holiday.

Germany

Stock prices mainly lost some ground in thin trading in the wake of the week-end revaluation of the mark against EMS currencies. The Commerzbank index shed 4.3 to 764.5.

Some market sources noted that certain export-reliant sectors, particularly Motors and Machine Manufacturers, posted significant falls and attributed this to the EMS realignment. The revalued mark, they argued, would drive up prices of West German exports, adversely affecting many share prices, as has been the case in the wake of past mark revaluations.

Among Motors, Volkswagen receded DM 3.50, Daimler-Benz DM 3.00 and BMW DM 2.50. In the Machines sector, KHD retreated DM 3.00, Mannesman DM 2.60 and Linde DM 2.50.

Banks and Utilities were also weak, with VEBA down DM 3.20, Bayerische Vereinsbank DM 3.00 and Deutsche Bank DM 3.50. In Electricals, Brown Boveri lost DM 2.30.

A new issue of Finance Ministry promissory notes depressed the Domestic Bond market, and Public Authority issues eased by up to 35 pfennigs. The Bundesbank bought DM 2.8m nominal of paper in the open market after selling DM 4.2m last Friday. Mark Foreign Loans were mixed.

Paris

Spurred on by another wave of buying, the market made further headway yesterday in active dealings. The Bourse Industrials index climbed 0.9 more to 103.1.

Brokers said there was some profit-taking, notably in Foods, Portfolios and Constructions, but elsewhere this had been easily absorbed.

The news of parity adjustments within the European Monetary System had apparently made no impact on investor sentiment.

The day's strongest spot was Pharmaceutical concern Institut Merieux, which rose 13 per cent. The stock has been the subject of substantial speculation in recent weeks.

Saint Gobain gained FFr 5.50 to FFr 143 following the purchase by its subsidiary Orisud of a 20 per cent stake in Machines Bull.

Locafrance, Rhone-Poulenc, Pechelbrown, Peugeot-Citroen, Borel, Babcock-Fives, Alsthom-Atlantique, Saone and L'Oreal were among other stocks to move ahead, but declining against the general trend were BCT, Pricel, Maisons Phenix, Legrand, Beghin, Sias, Dumez, Matra and Lyonnaise des Eaux.

Hong Kong

With a series of better-than-expected forecasts on the local economy for the short-term by the Government and bankers boosting sentiment, share prices moved strongly ahead in active dealings. The Hang Seng index advanced 16.63 to a new high for the year of 632.44, while total turnover on the four exchanges reached HK$165.07m, against last Friday's HK$126.38m.

Some operators were switching their investments back to the stock market from the local gold market, in which trading has slowed down after hectic dealings last week.

Hong Kong Wharf rose HK$1.50 to HK$38.00 after the results. Hong Kong Bank firmed 30 cents to HK$14.30, Hong Kong Electric 20 cents to HK5.05 and Hong Kong Land 40 cents to HK$9.90, while Hutchison Whampoa rose 15 cents to HK$5.60, Jardine Matheson 30 cents to HK$12.40, Swire Pacific "A" 25 cents to HK$8.70 and Wheelock Marden 10 cents to HK$3.525.

Outside the leaders, Cheung Kong climbed 70 cents to HK$15.50, Great Eagle 20 cents to HK$5.25, Hang Lung 25 cents to HK$7.50, Hong Kong Hotels 50 cents to HK$20.00, Hopewell 30 cents to HK$7.05, New World 20 cents to HK$2.90 and Swire Properties 25 cents to HK$4.725.

Amsterdam

A firmer tendency prevailed, although Dutch Internationals were slightly lower except for Royal Dutch, which rose Fl 0.70 despite the strikes at its Rotterdam refineries.

IHC, which expects a higher 1979 profit, rose Fl 1.00, while RSV gained Fl 1.60 on a sharply reduced loss for the first 32 weeks of 1979.

Australia

With the recent strong buying lacking yesterday, markets overall were no better than mixed after moderate activity, while some leading issues were easier on profit-taking. The Sydney All Ordinaries index, reflecting the trend in the leaders, reacted 3.65 to 667.81.

Market leader BHP picked up 2 cents to A$9.62, but the new rights shares retreated 19 cents to A$4.95. It appears that some investors had their arithmetic wrong with regard to the BHP rights, thrown off the track by the dividend situation.

Banks weakened, with BNS Wales losing 12 cents to A$2.98 and ANZ 7 cents to A$4.03.

Elsewhere, Ansett, after last Friday's advance of 22 cents following a large buying order, remained in demand but were unchanged at A$1.82 with the market still unable to pin down the ultimate buyer.

Among irregular Gold shares, Central Norseman relinquished 19 cents to A$7.55, but Poseidon and GMK were each up 5 cents.

Against an easier tendency in Coals, Utah put on 10 cents to A$4.05.

Western Mining receded 10 cents to A$3.25, but after trading quietly for more than a week, takeover target BH South came to life late in the session and rose 10 cents to A$2.75.

Renison Tin also attracted support, gaining 30 cents to A$13.50 on the strong tin price and an analysts recommendation.

Johannesburg

Gold shares improved in quiet trading following higher Bullion prices. Randfontein put on 25 cents to R62.25, Western Areas 23 cents to R4.53 and Elsburg 19 cents to R2.92.

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.
◆ DM 50 denom, unless otherwise stated, yields based on net dividends plus tax
● Pta 500 denom. unless otherwise stated.
◆ DKr 100 denom, unless otherwise stated.
◆ SwFr 500 denom. and Bearer shares unless otherwise stated. ¶ Y50 denom. unless otherwise stated. § Price at time of suspension. a Florins. b Schillings. c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs. g Gross div. %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m % tax free. n Francs including Unilac div. p Nom. q Share split. s Div. and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. y Merger pending. * Asked. † Bid. § Traded. ‡ Seller. z Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. A Interim since increased.

Indices

NEW YORK—DOW JONES

	Sept 21	Sept. 20	Sept. 19	Sept. 18	Sept. 17	Sept. 14	1979 High	1979 Low	Since Compil't'n High	Since Compil't'n Low
◆ Industr'ls	895.94	895.69	878.45	874.15	881.51	879.10	895.69 (20/9)	807.00 (27/2)	1051.70 (11/73)	41.22 (2/7/32)
H'me B'nds	85.47	85.40	85.37	85.40	85.51	85.06	86.10 (15/8)	82.52 (8/6)	—	—
Transport.	265.24	264.57	263.15	265.65	265.87	265.00	271.77 (16/8)	205.78 (27/2)	279.88 (7/2/69)	12.23 (8/7/32)
Utilities	105.29	107.90	105.51	106.26	107.17	107.60	109.61 (23/8)	98.51 (15/6)	163.32 (20/4/69)	10.58 (28/4/42)
Trading Vol 000's	52,650	45,210	35,440	38,860	37,820	42,080	—	—	—	—

◆ Day's high 902.13 low 885.32

	Sept. 14	Sept. 7	Aug. 31	Year ago (approx)
Ind. div. yield %	5.65	5.67	5.68	5.39

STANDARD AND POORS

	Sept. 21	Sept. 20	Sept. 19	Sept. 18	Sept. 17	Sept. 14	1979 High	1979 Low	Since Cmpil't'n High	Since Cmpil't'n Low
‡Indust'ls	125.46	123.56	120.76	120.58	121.31	121.25	125.56 (20/9)	107.08 (27/2)	134.64 (11/1/73)	3.52 (30/6/32)
§Composite	110.47	110.51	108.28	108.88	108.84	108.76	110.51 (20/9)	98.15 (27/2)	125.85 (11/1/73)	4.40 (1/6/32)

	Sept. 19	Sept. 12	Sept. 5	Year ago (approx)
Ind. div. yield %	5.06	5.05	[illegible]	4.65
Ind. P/E Ratio	8.04	7.74	7.87	9.43
Long Gov. Bond Yield	9.13	9.11	[illegible]	8.47

N.Y.S.E. ALL COMMON

Sept. 21	Sept. 20	Sept. 19	Sept. 18	1979 High	1979 Low
62.88	62.85	61.76	61.52	62.88 (21/9)	53.88 (27/2)

Rises and Falls

	Sept. 21	Sept. 20	Sept. 19
Issues Traded	1,921	1,885	1,875
Rises	846	923	687
Falls	661	581	720
Unchanged	414	381	468
New Highs	—	91	[illegible]
New Lows	—	43	38

MONTREAL

	Sept. 21	Sept. 20	Sept. 19	Sept. 18	1979 High	1979 Low
Industrial	517.10	515.93	510.76	510.45	517.10 (21/9)	219.19 (2/1)
Combined	[illegible]	302.60	298.49	298.32	303.43 (21/9)	225.60 (2/1)

BASE LENDING RATES

A.B.N. Bank	14 %
Amro Bank	14 %
American Express Bk.	14 %
Henry Ansbacher	14 %
A P Bank Ltd.	14 %
Associates Cap. Corp.	14 %
Banco de Bilbao	14 %
Bank of Credit & Cmce.	14 %
Bank of Cyprus	14 %
Bank of N.S.W.	14 %
Banque Belge Ltd.	14 %
Banque du Rhone et de la Tamise S.A.	14½%
Barclays Bank	14 %
Bremar Holdings Ltd.	15 %
Brit. Bank of Mid. East	14 %
■ Brown Shipley	14 %
Canada Perm't Trust	14 %
Cayzer Ltd.	14 %
Cedar Holdings	14 %
■ Charterhouse Japhet	14 %
Choulartons	14 %
C. E. Coates	14 %
Consolidated Credits	14 %
Co-operative Bank	*14 %
Corinthian Secs.	14 %
Credit Lyonnais	14 %
The Cyprus Popular Bk.	14 %
Duncan Lawrie	14 %
Eagil Trust	14 %
English Transcont.	14 %
First Nat. Fin. Corp.	15½%
First Nat. Secs. Ltd.	15½%
■ Antony Gibbs	14 %
Greyhound Guaranty	14 %
Grindlays Bank	‡14 %
■ Guinness Mahon	14 %
■ Hambros Bank	14 %
■ Hill Samuel	§14 %
C. Hoare & Co.	†14 %
Julian S. Hodge	15 %
Hongkong & Shanghai	14 %
Industrial Bk. of Scot.	14½%
Keyser Ullmann	14 %
Knowsley & Co. Ltd.	15½%
Lloyds Bank	14 %
London Mercantile	14 %
Edward Manson & Co.	15 %
Midland Bank	14 %
■ Samuel Montagu	14 %
■ Morgan Grenfell	14 %
National Westminster	14 %
Norwich General Trust	14 %
P. S. Refson & Co.	14 %
Rossminster	14 %
Ryl. Bk. Canada (Ldn.)	14 %
Schlesinger Limited	14 %
E. S. Schwab	15 %
Security Trust Co. Ltd.	15 %
Shenley Trust	16 %
Standard Chartered	14 %
Trade Dev. Bank	14 %
Trustee Savings Bank	14 %
Twentieth Century Bk.	15 %
United Bank of Kuwait	14 %
Whiteaway Laidlaw	14½%
Williams & Glyn's	14 %
Yorkshire Bank	14 %

■ Members of the Accepting Houses Committee.
* 7-day deposits 11½%, 1-month deposits 11¾%.
† 7-day deposits on sums of £10,000 and under 11½%, up to £25,000 12% and over £25,000 12¼%.
‡ Call deposits over £1,000 11½%.
§ Demand deposits 11½%.

Jamaican bauxite levy deal

By Canute James

KINGSTON — The Jamaican Government has reached agreement with one of the five North American bauxite companies operating in the island on a new system of taxation.

Mr. Michael Manley, Prime Minister, said he could not name the company yet, and that negotiations were proceeding with the others.

The renegotiations with the bauxite companies are aimed at readjusting the controversial bauxite levy which the government imposed four years ago. It boosted state earnings from the industry from $U.S. 25m annually to just under $200m last year.

The companies are now paying about 7.5 per cent, the averaged realised market price of aluminium ingot in North America. They are reported to be asking the Government to reduce this to 4 per cent on production above 13m tonnes. The Government, however, is said to be unwilling to go below 6 per cent.

Copper prices surge on speculative buying

BY JOHN EDWARDS, COMMODITIES EDITOR

COPPER PRICES surged upwards on the London Metal Exchange yesterday following strong speculative buying interest. Cash wirebars gained £45 to £968 a tonne and the three months quotation closed £43.75 higher at £963.25.

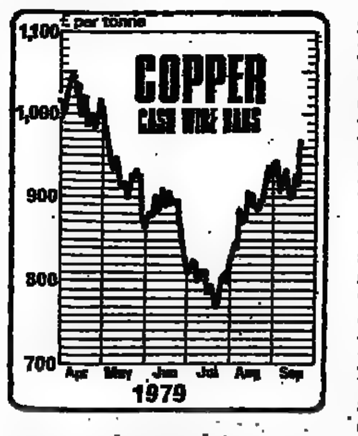
In New York last night, copper prices quickly moved the permissible limit up of 3 cents a lb, and several leading U.S. producers announced increases in their domestic selling prices of 4 cents to 93 cents a lb.

The rise on the Metal Exchange was fuelled by the revaluation of the Duetschmark, the weak tone in sterling and the continued upward trend in precious metals.

It was thought, however, that many speculators frightened to go into the gold and silver markets because of the high margins and unpredictable prive movements, have decided instead to switch into other metals, notably platinum and copper.

Further encouragement to go into copper was provided by yet another fall—for the 41st consecutive week—in stocks held in LME warehouses. Total holdings dropped by 1,000 to 156,825 tonnes. Nearby supplies remain scarce, with the cash price at a premium to the three months quotation.

Nevertheless there is some nervousness in the market. It



was noted speculators were primarily responsible for yesterday's upsurge, while trade interest remains quiet.

Although the charts point to higher prices yet, it is feared there could be a quick turnround should the long expected crash in gold and silver materialise.

Tin prices were boosted by an unexpectedly large fall in warehouse stocks, which declined by 385 tonnes, cutting total holdings to 3,020 tonnes. As a result, the cash price rose by £87.5 to £7,280 a tonne widening its premium over the three months quotation that was only £37.5 up at £7,127.5. There was reported to be some trade buying interest which offset the marginal decline in prices in Penang over the weekend.

Lead also received an unexpected boost when it was announced that warehouse stocks fell by 775 to 26,225 tonnes. It had been widely forecast on Friday that the stocks total would be unchanged. Cash lead gained £13.5 to £565 a tonne establishing a premium of £3.75 above the three months quotation.

Zinc stocks rose by 150 to 51,425 tonnes. There were stocks declines for aluminium, down by 125 to 13,775 tonnes, nickel down by 60 to 6,348 tonnes; while LME silver holdings declined by 160,000 to 17,420,000 troy ounces.

USSR bids to overturn whaling ban

THE SOVIET Union is trying to overturn the International Whaling Commission's partial ban on deep-sea whaling and secure a quota of 1,500 sperm whales for the coming season, a commission spokesman said yesterday.

He said the Soviet Union's proposal, made to the IWC chairman, had been sent to its 23 members for a postal vote by October 17.

The world ban, overwhelmingly approved at an IWC conference in London in July, outlawed all whaling by factory ships, except for the populous small minke whale.

The only countries to vote against the ban were the Soviet Union, which has three factory whaling fleets, and Japan, which has one.

For a vote to be taken on the Soviet proposal, 12 member countries must approve. For the proposal to be passed, three-quarters of the IWC must back it.

Reuter

TV black-out endangers meat promotion plans

BY CHRISTOPHER PARKES

PLANS FOR a £1.2m sales campaign for British meat—including a major new initiative for British bacon—have fallen foul of the independent television black-out. More than £900,000 of the promotional budget to be spent between now and Christmas is earmarked for TV advertising.

Officials of the Meat Promotion Executive, an off-shoot of the Meat and Livestock Commission, said yesterday they were looking at every option open to them, although a switch into press and other advertising outlets was not possible.

Showpiece of the campaigns is what MPE officials described as "a proper and serious initiative" on British bacon to counter the trend of increasing imports which last year left domestic curers with only 41 per cent of the home market.

The Executive hopes to launch this initiative with a £450,000 campaign running up to Christmas, with further spending early in the new year taking the total to around £850,000.

"For too long British bacon has been sold behind a shield of anonymity," a spokesman said.

In the past, promotional spending on British bacon had been only about 10 per cent of the budget available to promote the Danish product.

This new drive, costing about 15p for every bacon carcase, compared much more favourably with the 20p to 25p spent by the Danes.

While some of the plans could be held over without too much damage until the ITV dispute ends, others, such as the beef campaign should ideally be under way already.

The beef promotion was scheduled to start last week to tie in with the seasonal surge in beef supplies. This increase in slaughterings, which usually affects the market in the autumn, has already depressed prices close to the level at which Common Market intervention support buying should start.

Sales of British beef into intervention have been negligible so far this year. In Ireland and on the Continent, support buying has accelerated recently and 8,000 tonnes of beef are being taken off the market each week by the EEC authorities.

The Executive is also eager to start its major drive to promote pork on schedule at the end of October. Pork sales have risen dramaticaly this year—up 16 per cent in the second quarter compared with the comparable part of 1978—and the industry wants to prevent these gains from being eroded.

A lamb promotion, aimed at recouping some of the sales lost this year because of high prices, is supposed to begin next week with a four-week burst of TV advertising. Lamb consumption in April, May and June was 4 per cent down this year.

Not affected by domestic industrial strife is a modest promotion for English lamb in West Germany, Belgium, Holland and Luxembourg.

Bigger exports will be necessary to maintain the well-being of the British sheep industry, accordnig to Mr. Ken Allright, MPE chairman. Basing estimates on a 3 per cent increase in the UK breeding flock, the MLC has suggested that farmers will produce 1.2m extra lambs between April 1980 and April 1981.

"We cannot expect this country to eat that quantity of lamb at prices that will keep producers producing," Mr. Allright said.

Until the French import controls are lifted, the Executive has no plans to promote British lamb in France.

Grain harvest almost complete

By Our Commodities Staff

THE UK grain harvest is virtually complete and cultivations and sowing of winter barley are going ahead well, the Ministry of Agriculture said yesterday. Almost all next year's oilseed rape crop has now been sown.

This season's potato crop is now fully grown and foliage is being burned before the main harvest starts. The sugar beet crop and roots for animal feeding are growing well. There is grazing available and some farmers are still cutting grass silage for winter feed.

Grain strikers to vote on offer

DULUTH, MINNESOTA — Striking millers and the last of eight grain elevator companies have reached a tentative contract agreement that could end a two-month labour dispute which blocked the shipment of a bumper harvest and cost Midwest farmers at least $1bn.

Grain shipments from Duluth and its twin port, Superior, could resume tomorrow if 530 members of the American Federation of Grain Millers approve the new contracts in a ballot planned for today, according to Mr. John Rogers, a spokesman for the Federal Mediation and Conciliation Service.

The last of the proposed contracts was drafted in Minneapolis between the union and General Mills. Mr. Rogers said union negotiators would recommend approval of all eight agreements but no details were released.

The strike began over a wage dispute on July 6 and quickly spread to all eight elevators in the ports.

By July 25, the walkout had halted all shipments through the ports to Lake Superior, aggravating the impact of a strike against the Rock Island Railroad just as a bumper harvest began in the Midwest.

The talks were conducted by federal mediator Mr. Wayne Horvitz under orders from President Carter.

The strike has severely hurt farmers in Minnesota and North and South Dakota who could not move their crops to elevators for shipment to market.

Mr. Charles Rhoades, head of the Minnesota Association of Wheat Growers, said the strike caused $1bn in losses in that state alone with the millers' walkout responsible for a slowdown among farmers, shippers, truckers and country elevator operators.

'No coconut cartel planned'

MANILA — Philippine Coconut Authority chief, Felix Duenas, said the Asia-Pacific Coconut Community (APCC) has no intention of trying to control prices of coconut products, although it would welcome price stabilisation in world markets.

The Community had a limited objective, which did not include making it into a cartel, he said.

He was replying to questions on a Press report that a cartel including Pacific islands, Malaysia, Indonesia and the Philippines, was being considered.

Reuter

Peru anchovy fishing start

LIMA—The Peruvian fisheries Ministry has authorised the exploratory fishing of anchovy to begin on October 1.

Fishing will be permitted from Chimbote; 450 km north of Lima, to the Ecuadorean border, and from Ilo, 950 km south of Lima, to the Chilean border. The Ministry did not say when the season would end nor specified tonnage limits.

Reuter

CAP progress forecast

BY OUR COMMODITIES STAFF

MR. JOHN NOTT, the Trade Secretary, has confidently forecast "real progress" in the coming years with the Common Market's over-production of farm produce and its practice of dumping surpluses on the world market "almost regardless of the wider consequences."

And he promised the Government would try to change protectionist arrangements affecting imports of foodstuffs.

At a meeting of the British Trade Association in Wellington, New Zealand, Mr. Nott reaffirmed the Government commitment to making sure New Zealand had long-term access to the UK for "reasonable amounts" of NZ butter.

He also promised that Britain would not agree to any policy which would interfere with continued access to the UK market for New Zealand lamb.

Mohair output up sharply

JOHANNESBURG — South African mohair production for the winter season which commenced in early September is estimated 14.4 per cent higher, at 2.7m kilos, according to Johan Engelbrecht, manager of the Mohair Marketing Board.

Mr. Engelbrecht said the major factors behind the increased estimate was the increased angora herd size and the recovery from the previous winter season's drought.

Reuter

NZ lamb freight rate threat

BY DAI HAYWARD

WELLINGTON — The recent attempt by Waitaki - NZ Refrigeration to challenge the Conference Lines monopoly will be used by the NZ Meat Board when shipping freight rate talks open in London this week as a strong argument to hold down rates.

When Waitaki defied the Board and tried to ship lamb on a Belgian-owned ship at rates 10 per cent below those ruling for Conference ships, the Meat Board seized the containers already loaded on to the Antwerpen and the whole of the company's meat stock, worth about $NZ40m (about £18.5m).

But the board's decision, and its right to decide who shall carry all NZ meat to Europe, is to be challenged in the courts. There is growing support for Waitaki from farmers who see a chance to halt or even reverse the rapidly rising costs of getting lamb to Britain.

The Board says control over shipping, which includes the right to fix freight rates and allocate shipping space to exporters, is essential for orderly marketing and that without it lamb arrivals in Britain could be "telescoped" and meat dumped on the market. It was to resolve such a situation that the Board was originally created in 1922.

The Meat Board used the powers given to it under the 1922 legislation to take action against Waitaki. However, if political pressure from the farmers and from the farmer wing in the Government is strong enough, the Meat Board would have to bow to efforts to break the Conference monopoly and relinquish its absolute power to control meat shipments. It is significant that the Government has so far been at considerable pains to avoid any public comment on the issue and has resisted efforts by Labour MPs to have it discussed in Parliament.

When Belgian shipowner Tsvi Rosenfield, who owns the ABC line, offered to undercut the Conference rates by 10 per cent, on a visit to New Zealand a few months ago, he discussed his plan with five Cabinet Ministers. None of the Ministers has made any public comment on the ABC plan.

Mr. Rosenfield said he was prepared to offer a long-term contract guaranteeing prices permanently below those set by the Conference Lines.

So, at the annual freight talks, Meat Board representatives will point to this attack on the British Conference system as a strong and valid reason for keeping the freight rates down.

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Sharply higher on the London Metal Exchange. Forward metal advanced strongly throughout the day, fuelled by further heavy gains in precious metals and a surge in prices on Comex, coupled with weaker sterling. This brought out very heavy fresh speculative buying which lifted the price from £937 to around £969 on the late kerb. Turnover 20,700 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	955-4	+51	967-9	+45
3 months	949-.5	+52.5	963-.5	+43.5
Settlem't	954	+51	—	......
Cathodes				
Cash	925-7	+30	935-7	+41.5
3 months	928-9	+30	941-5	+44.5
Settlem't	927	+40	—	......
U.S. Smt.	—	......	*89-95	......

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £947, 48, 49, 48, 48, 48, 49, 47, 48, 49, 59, 48. Cathodes: Late Oct. £925, 24; three months £928, 27, 28. Kerbs: Wirebars, three months £949, 48, 47, 48, 49. Afternoon: Wirebars, three months £964, 65, 66, 67, 68, 69, 68, 67, 68, 65, 66, 67, 68, 65, 66, 65, 66, 65, 64, 65, 64, 63, 63.5, 63. Cathodes: Cash £937. Kerb: Wirebars, three months £961, 62, 61, 60, 59, 58, 59, 60, 60.5, 60.

TIN—Moved ahead reflecting the strength of other metals, a fall in sterling and an unexpected decline in stocks. The latter widened the backwardation to £150 and the strength of physical demand prompted heavy covering of three months material which pushed ahead from £7,080 on the early pre-market to the day's high of £7,180 before reacting on profit-taking and hedge selling to close the late kerb at £7,135. Turnover 1,075 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	7240-5	+65	7270-90	+67.5
3 months	7125-45	+52.5	7125-45	+42.5
Settlem't	7245	+65	—	......
Standard				
Cash	7240-5	+65	7270-90	+87.5
3 months	7125-35	+52.5	7125-30	+37.5
Settlem't	7245	+65	—	......
Straits. E.	$1960	—5	—	......
NewYork	—	......		......

Morning: Standard, cash £7,300, £7,260, 50, 40; three months £7 45, 50, 60, 70, 60, 50, 40, 30. Kerb: Standard, three months £7,125. Afternoon: Standard, cash £7,260; three months £7,130, 35, 30, 25, 20, 30. Kerb: Standard, three months £7,130, 35.

LEAD—Firmer. Forward metal opened at £555 and rose to £563 on the early pre-market, influenced by weaker sterling and a stronger tone in other metals. Profit-taking and hedge selling pared the price to £559 in the morning rings but the continuing buoyancy of copper in the afternoon caused a further rise in lead with forward metal finally £563 on the late kerb. Turnover 8,475 tonnes.

CORAL INDEX: Close 460-465

COCOA

after last week's sharp sell off. Business was quieter during the rest of the day but with a national holiday in Ghana and other West African sellers withdrawn, the market remained steady to close £40 higher than Friday's levels, reported Gill and Duffus.

RUBBER

The London physical market opened unchanged, with fair interest throughout the day, closing on a steady note. Lewis and Peat reported a Malaysian godown price of 282 (same) cents a kg (buyer, October).

Sales: 328 (280) at 15 tonnes, 27 (7) at 5 tonnes.

PRICE CHANGES

In tonnes unless otherwise stated.

AMERICAN MARKETS

NEW YORK, Sept. 24.

ON THE close silver and gold were sharply higher, although they were off from their best levels. Copper was up the limit on short-covering and heavy buying from the trade. Soyabeans wound up fractionally lower, while grains advanced slightly higher on good trade buying. Livestock markets were

69.45-69.35, June 70.75-70.55, Aug. 69.20-69.40, Oct. 68.70, Dec. 70.05. Sales: 26,098.

Live Hogs—Oct. 36.70-36.65 (37.97-36.67), Dec. 37.22 (38.72-37.22), Feb. 39.67, April 39.72, June 43.17, July 43.15, Aug. 42.05, Oct. 41.00, Dec. 42.00. Sales: 8,494.

EUROPEAN MARKETS

per cent, Oct. $206, Nov. $208, Dec. $209, Jan. $213, Feb. $215, March $217. U.S. Hard Winter ordinary unquoted. U.S. No. 2 Red Winter Sept. $194, Oct. $195, Nov. $198, Dec. $204. U.S. No. 2 Northern Spring. 14 per cent, Sept.-Oct. $199.50, Nov. $201, Dec. $212, Jan. $220, Feb. $22, March $224, April-May $203.

Maize—U.S. No. 3 Corn Yellow afloat $141.50, Sept. $141.50, Oct. $141.25, Nov. $142.50, Dec. $145.50, Jan.-March $151, April-June $152.

Soyabeans—U.S. Two Yellow Gulfports Oct. $294.70 traded, Oct. $295.50, Nov. $296, Dec. $301.50, Jan. $305.25, Feb. $311.50, March $312, April-May

Brazil Yellow Faq unquoted. Argentine May $308, June $310, July $310.25. Soyameal—44 per cent protein U.S. afloat $238, Sept. $238, Oct. $239, Nov. $247, Nov.-March $249, April-Sept. $256. Brazil Pellets mid-Sept./mid-Oct. $245 traded, Sept. $246, Oct. $253, Nov. $259, April-Sept. $262 sellers.

PARIS, Sept. 24.

Cocoa (FFr per 100 kilos)—Sept. 1270-1370, Dec. 1333-1335, March 1352-1358, May 1380-1380, July 1370, Sept. 1380. Sales at call 0.

Sugar (FFr per 100 kilos)—Nov. 1140-1175, Dec. 1173-1175, March 1218-1220, May 1245-1255, July 1270-1290, Aug. 1295-1300, Oct. 1305-1320, Nov. 1310-1330. Sales at call 1.

INDICES

FINANCIAL TIMES

Sept. 21	Sep. 20	M'nth ago	Year ago
294.22	293.34	287.17	252.71

(Base: July 1, 1952=100)

DOW JONES

Dow Jones	Sept. 21	Sept. 20	Month ago	Year ago
Spot	408.18	412.86	403.15	378.12
F'tur's	414.87	413.54	414.64	377.26

(Average 1924-25-26=100)

MOODY'S

Sept. 21	Sept. 20	M'nth ago	Year ago
1142.2	1158.6	1093.9	948.8

(December 31, 1931=100)

REUTERS

Sept. 24	Sept. 21	M'nth ago	Year ago
1624.3	1617.5	—	1480.5

(Base: September 18, 1931=100)

COVENT GARDEN—Prices in sterling per package except where otherwise stated. Imported produce: Oranges—S. African: Valencias 4.00-5.20, Navels/Proteas 3.80-4.30; Brazilian: Peras 1.50-2.30, Valencia Lates 64/144 3.20-5.00. Lemons—Italian: 100/150's 5.00-6.00; Spanish: Trays 2.00-2.50; Turkish: 100/120's 5.00-5.50; Brazilian: half-boxes 4.00. Grapefruit—Dominican: 23/63's 6.50-9.50;

Grapes—Italian: Regina 10 lb 1.30-1.50; Spanish: Almeria 2.50, Black 2.50-2.60; French: Alphonse per pound 0.17. Nectarines—Italian: C/BA's 5.50-6.50. Bananas—Jamaican: Per 28 lb 4.20. Avocados—S. African: 3.60-4.30. Melons—Spanish: Yellow honeydew 10 kilos 5/14's 2.20-2.80, Green 2.50-2.80. Onions—Spanish: 2.80-3.40; Dutch: 2.20-2.50.

LONDON STOCK EXCHANGE

Leading shares improve despite industrial situation but Government stocks fall—S.A. Golds better late

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
Sep. 10	Sep. 20	Sep. 21	Oct. 1
Sep. 24	Oct. 4	Oct. 5	Oct. 15
Oct. 8	Oct. 18	Oct. 19	Oct. 29

* "New time" dealings may take place from 9.30 am two business days earlier.

Stock markets began the new trading Account in uninspiring fashion yesterday with Government securities shedding best part of Friday's gains and leading equities hardening a shade. A return to easier conditions in the funds was ensured in the disappointing absence of fresh investment in the short tap stock, late demand for which on Friday led to the Government broker re-activating the stock at a level nearly 1½ points below the issue price.

After a week-end to consider the GB's willingness to supply stock at such a low level, the market came to the conclusion that there was little scope for any immediate upturn and the general price structure reacted accordingly. Worries about short-term interest rates also exerted pressure and the longer maturities closed with losses extending to 7/16, while the shorts settled around ¼ down, the short tap, Exchequer 11¾ per cent 1984, gave up ⅛ at 95¾.

The engineers staging the fourth successive week of two-day strikes and the miners' submission of a wage claim of 65 per cent were the two major influences in the industrial sections. Both items were as expected, however, and after a slightly cautious start their impact on sentiment was negated by sporadic institutional inquiry. Leading shares began to edge forward in a thin trade, the slow advance being well measured by the FT 30-share index which, after a fractional loss at 10 am, improved to close with a net gain of 1.7 at its best of the day of 462.0.

Sellers of investment currency eventually pulled out in the face of a persistent institutional demand and the premium advanced to 35½ per cent for a rise of two points. Business connected with activities in South African Gold shares was on a much reduced scale than recently. Yesterday's SE conversion factor was 0.8919 (0.9041).

Although ICI recorded a relatively active 116 trades, the level of business in Traded options was marginally lower than on Friday, 360 deals being completed against the day's 380.

Keyser Ullmann good

Buyers came for Keyser Ullmann on the first day of the new Account and the close was 6 higher at 75p. Kleinwort Benson held firm at 146p awaiting today's interim results, while FNFC hardened a fraction to 6¾p and the 9½ per cent convertible 1992 moved up 3 points to £72. The major clearing banks edged forward in thin trading. Lloyds gained 5 to 310p as did NatWest to 345p, while Barclays hardened 2 to 422p. A nervous market last Friday on adverse rumours concerning its bullion subsidiary Mocatta and Goldsmid, Standard Chartered picked up 6 to 472p xd, while HongKong and Shanghai rose 10 to 152p on far-eastern influences.

Quietly firm conditions prevailed in Insurances. Sun Alliance gained 8 to 538p, while Royals, 360p, and GRE, 246p, improved 5 and 4 respectively.

Breweries opened the new Account with the leaders tending a penny or so better in very thin trading. Support was shown for selected regional counters; Davenports, 122p, and Matthew Brown, 148p, both added 4, while renewed speculative demand lifted Sandeman 3 to 78p and Belhaven a couple of pence to 38p. Interim results from Manchester brewers Boddington proved to be ahead of market estimates and the shares rose 5 to 111p. Distilleries also closed with a slightly firmer bias. Highland hardened a penny to 102p following the launch of a new 12-year old malt whisky. Tomatin held steady at 191p in front of today's mid-term statement.

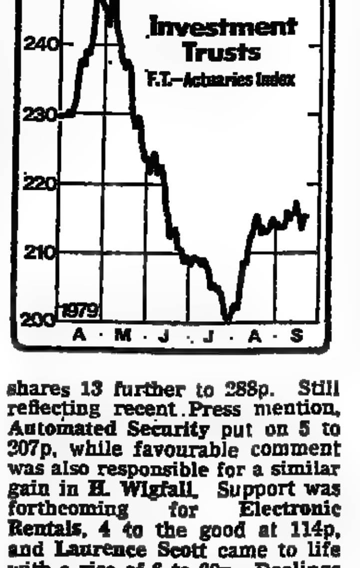
Tarmac, up 10 at 195p, on better than expected half-yearly results provided one of the main features in the Building sector. Following the agreed offer from Harrisons and Crosfield, dealings restarted in Parker Timber which closed at 228p, after 225p, compared with the suspension price of 240p; H and C closed 13 down at 587p and the share exchange terms value each Parker at about 235p. Fresh demand developed for J. Latham which rose 6 to 193p, while Manders Holdings, a dull market recently on the interim results, rallied to close 11 higher at 166p xd. Wiggins Construct firmed 2 to 41p following acquisition news.

Among Chemicals, ICI edged up 2 to 350p, while Fisons closed unaltered at 245p, after 237p, the latter's poor half-yearly results being offset to a certain extent by the increased dividend.

B. Paradise better

In the wake of last Friday's sharp fall of 7 which followed details of the near £317,000 pre-tax loss for the year, B. Paradise were opened 2 lower at a 1979 low of 8p after a weekend "sell" recommendation but later rallied to finish a net 3 higher on the day at 13p. Elsewhere in Stores, renewed demand in a thin market prompted a rise of 7 to 222p in Lee Cooper. Among the quietly firm leaders, revived hopes that Lonrho might bid for the outstanding shares in House of Fraser helped the latter to gain 3 to 144p. Shoes were notable for a fall of 10 to 205p in Stylo.

Electrical leaders trended quietly firmer. Further Press suggestions of a possible bid left EMI 2 dearer at 92p, after 95p. GEC improved 2 to 372p and Plessey closed a shade better at 120p. Elsewhere, bid hopes again inspired fresh demand for Decca issues, the ordinary rising 20 more to 330p and the "A" shares 13 further to 288p. Still reflecting recent Press mention, Automated Security put on 5 to 207p, while favourable comment was also responsible for a similar gain in H. Wigfall. Support was forthcoming for Electronic Rentals, 4 to the good at 114p, and Laurence Scott came to life with a rise of 6 to 60p. Dealings were resumed in Clifford and Snell at 33p compared with the suspension price of 35p following the recommended bid from Ransome Hoffman Pollard: the shares of the latter closed 1½ lower at 60p, which values each C and S at 36p.



Leading Engineers traded extremely quietly and prices rarely strayed far from the previous closing levels. Secondary issues fared little better in the way of activity. Still reflecting the good interim results and proposed one-for-one scrip issue, Adwest hardened 2 further to 370p, while Spear and Jackson firmed a similar amount to 116p in response to the half-yearly figures. Other firm spots included United Engineering, 5 to the good at 98p, and A. Cohen, 10 up at 260p. On the other hand, fresh scattered offerings left Newman Tonks 3 lower at 66p and Serck 2 cheaper at 41p.

On the announcement that Dalgety has extended its offer until October 1, Spillers rose 2 to 45p which is some 2½ below the share-exchange offer price with Dalgety 2 up at 286p. Elsewhere in subdued Foods, Northern improved 4 to 124p and Sainsbury added 3 to 303p.

Euro. Ferries dull

Features in miscellaneous industrials were found outside of the leaders. The sharp contraction in interim profits depressed European Ferries which finished 15 down at a 1979 low of 120p. Cautious Press comment unsettled recent North Sea oil high-flier National Carbonising and the close was 7 down at 84p, while Chubb came on offer and fell 8 to 124p. Extel, however, closed 8 to the good at 191p, after 200p, following speculative buying fuelled by revived takeover suggestions and Photo-Me International were notable for a jump of 35 to 355p on persistent demand in a thin market. Reflecting the increased profits and dividend, Parker Knoll "A" gained 2 to 98p, while Barrow Hepburn hardened a penny to 33p in front of today's interi mresults. Press comment prompted improvements of 4 and 2 respectively in Diploma Investments, 362p, and Sandhurst Marketing, 47p. Far Eastern influences helped Jardine Matheson rise 7 to 129p, Swire Pacific gain 4 to 90p and Wheelock Marden advance 3 to 37½p.

Renewed speculative support was seen for selected Leisure issues. Mams rose 3to 150p for a two-day gain of 12, while Howard and Wyndham added 2.

Among Motors and Kindred issues, Hanger rose 4 to 68p ahead of tomorrow's interim statement, while Wadham-Stringer, due to announce first-half results on Thursday, firmed a penny to 33½p. Rumours of a possible bid from Lonrho lifted Dutton-Forshaw 6 to 54p. Components finished narrowly firmer, Armstrong Equipment gaining 1½ at 58½p awaiting today's annual results. Flight Refuelling, on the other hand, lacked support and closed 4 lower at 198p.

Among Paper/Printings, Dickinson Robinson improved 4 to 107p following the pleasing interim statement, while Press comment was good for rises of 2 and 3 respectively in Marshall Cavendish, 32p and Bunzl Pulp, 111p. Associated Book Publishers hardened 3 to 303p; the interim results are expected on Thursday. Dealings in Harrison and Son were suspended at 56p at the company's request pending an announcement. Newspapers also tended firmer, Associated rising 8 to 238p.

Properties took a modest turn for the better but the volume of business left much to be desired. Land Securities rose 6 to 297p xd and Bernard Sunley closed 7 dearer at 472p. Fairview Estates were wanted at 230p, up 10, while Hong Kong Land advanced 8½ to 105p and Swire Properties gained 4½ to 49½p with the help of Far Eastern influences.

Oils up afresh

Compared with most sectors, Oils enjoyed another firm and active day's trading. Birtish Petroleum advanced 20 more to £1,235p and Shell improved 6 further to 344p xd in the leaders. Following weekend Press mention, Oil Exploration improved afresh to 408p before encountering profit-taking to close 2 off on balance at 402p. Siebens (UK) advanced 16 to 282p, while other speculative issues to make headway included Aran Energy, 8 to the good at 164p, and Century, a similar amount higher at 109p. Ultramar firmed 5 to 330p xd.

Trusts were inclined harder. Among Financials, dealings were temporarily suspended in London Investment at 14p pending details of a reorganisation. Yule Catto rose 5 to 90p following the announcement that Kuala Lumpur Kepong Berhad had increased its holding to just over 27 per cent.

Golds advance late

After opening a shade firmer and edging higher throughout the morning and early afternoon the South African gold share market staged a strong advance following the afternoon bullion fixing.

The initial rise in the bullion pricefinally 39 higher at $378.50 an ounce%brouhgt out modest Johannesburg and London support which continued for most of the day.

The major buying in the afternoon was reported to have come from the Continent. Share prices were additionally boosted by a rise in the investment currency premium.

The Gold Mines index climbed 6.3 to 216.4%its best level since February 12 1976, while the ex-premium index put on 3.0 to 193.0.

Heavyweights showed gains of a point or more with Randfontein £1½ higher at £29¼. Hartebeest and Vaal Reefs were both ¾ better at £19½ and £19½ respectively.

Favourable Johannesburg Press comment brought out strong Cape support for Elsburg, 12 firmer at a 1979 high of 135p. Western Areas, a similar amount up at a high of 205p, Doornfontein, 17 to the good at 370p, after 375p, and Western Deep, which rose ⅜ to a high of £10¼.

Heavy speculative buying produced a 21 rise in South African Land at a 1979 high of 172p, and a 16 surge in Vlakfontein, at a high of 99p.

South African Financials performed equally well. Anglo American jumped 16 to 447p and "Amgold" put on ¾ to a 1979 high of £25¼. London Financials were generally firmer in quiet trading.

Platinums attracted good support as the free market platinum price moved throug the $500 per ounce level. Impala advanced 6 to 208p and Rustenburg, also helped by favourable Press mention and a broker's bullish circular, put on 7 to 137p.

A surge in the copper price on the London Metal Exchange encouraged a good demand for Messina, 6 up at 106p.

Australians were buoyed up the rise in the dollar premium and the strength of base-metal prices. BH South gained 6 to 180p, MIM Holdings 3 to 238p and North Broken Hill 2 to 127p.

News that Australian Consolidated Minerals had acquired a 9.1 per cent stake in North Kalgurli saw the latter rise 3½ to 25p; the former, however, dipped a penny to 13p.

LONDON TRADED OPTIONS

Option	Ex'rc'se price	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	April Closing offer	April Vol.	Equity close
BP	1100	140	5	165	—	215	—	1251p
BP	1150	90	8	—	—	—	—	"
BP	1300	12	1	58	5	88	—	"
Com. Union	130	15	—	20	1	27	—	143p
Cons. Gold	220	25	10	32	—	40	—	244p
Cons. Gold	240	10	10	20	10	25	5	"
Cons. Gold	260	5	—	10	2	—	—	"
GEC	420	1½	—	14	—	27	5	371p
Grand Met.	118	32	10	—	—	—	—	150p
Grand Met.	138	13	27	20	—	—	—	"
Grand Met.	160	2½	—	8	50	—	—	"
ICI	330	21	5	36	50	46	—	350p
ICI	360	4	50	17	5	25	—	"
ICI	390	½	—	7	5	10	—	"
ICI	420	½	1	3	—	—	—	"
Land Secs.	300	6	17	24	—	33	—	298p
Land Secs.	330	½	—	12	—	19	5	"
Marks & Sp.	110	1½	—	5½	—	10	15	105p
Shell	300	44	3	56	—	65	—	345p
Shell	325	20	2	35	1	—	—	"
Shell	350	7	6	18	15	—	—	"
Shell	375	3	—	10	2	—	—	"
Shell	400	1½	3	6	2	—	—	"
Totals			168		131		31	
		November		February		May		
BOC Intl.	80	1½	—	2	20	5	—	83p
EMI	110	1½	10	4	—	—	—	91p
RTZ	280	24	1	42	—	53	—	293p
RTZ	300	15	6	30	—	41	—	"
RTZ	330	7	1	17	—	26	—	"
Totals			20		20			

FINANCIAL TIMES STOCK INDICES

—	Sept. 24	Sept. 21	Sept. 20	Sept. 19	Sept. 18	Sept. 17	A year ago
Government Secs.	72.09	72.39	72.01	72.24	72.16	71.94	70.24
Fixed Interest	72.65	72.70	72.58	72.74	72.71	72.69	72.16
Industrial	462.0	460.3	456.1	460.3	468.7	466.0	509.4
Gold Mines	216.4	210.1	211.3	210.6	214.8	207.7	180.0
Gold Mines (Ex-$ pm)	193.0	190.0	191.3	192.1	194.6	190.6	126.5
Ord. Div. Yield	7.01	7.05	7.12	7.08	6.96	7.00	5.27
Earnings, Yld. % (full)	17.98	18.22	18.44	18.33	18.05	18.12	14.95
P/E Ratio (net) (*)	6.80	6.71	6.64	6.68	6.79	6.76	8.86
Total bargains	15,231	17,869	18,253	16,967	16,532	16,611	—
Equity turnover £m	—	85.07	83.94	73.09	66.97	58.33	82.31
Equity bargains total	—	14,619	12,187	12,097	11,761	10,820	17,224

10 am 460.2. 11 am 461.2. Noon 461.3. 1 pm 461.7. 2 pm 461.7. 3 pm 461.3.
Latest Index 01-246 8026.
*Nil=6.57.

Base 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 2/9/55. Ex-$ premium index started June, 1972. SE Activity July-Dec. 1942.

HIGHS AND LOWS

—	1979 High	1979 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	75.91 (4/5)	64.64 (8/2)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	77.76 (5/5)	66.03 (15/2)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	558.6 (4/5)	446.1 (12/2)	558.6 (4/5/79)	49.4 (26/6/40)
Gold Mines	216.4 (24/9)	129.9 (17/4)	442.3 (22/5/75)	43.5 (26/10/71)
Gold Mines Ex $pm)	194.6 (18/9)	96.2 (12/1)	337.1 (3/4/74)	64.3 (25/6/75)

S.E. ACTIVITY

	Sept. 24	Sept. 21
—Daily		
Gilt Edged	137.6	127.9
Industrials	120.0	144.7
Speculative	43.1	48.9
Totals	84.4	94.0
5-d'y Av'r'ge		
Gilt Edged	151.8	151.6
Industrials	137.6	138.7
Speculative	52.5	53.0
Totals	94.1	94.3

OPTIONS

DEALING DATES

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Sep. 17	Sep. 28	Dec. 20	Jan. 7
Oct. 1	Oct. 12	Jan. 10	Jan. 21
Oct. 15	Oct. 26	Jan. 24	Feb. 24

For rate indications see end of Share Information Service

Calls were dealt in Town and City, FNFC, Marshall Cavendish, Premier Oil, Allied Colloids, Lonrho, Sandeman, Wearwell, Dunlop, GKN, Gough Cooper Hanger Investments, Sandhurst Marketing, Bridgend Processors and LRC. A put was done in Decca A, while doubles were completed in Fairbairn Lawson and Dutton-Forshaw.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1979 high	1979 low
BP	£1	15	1235	+20	1295	882
Dutton - Forshaw	25p	8	54	+ 6	55½	39
Shell Transport	25p	8	344xd	+ 6	402	278
Imperial Group	25p	7	87xd	+ 1	108	82
LASMO	25p	7	276	+ 4	278	124
Marks & Spencer	25p	7	104	+ 2	134	83
RTZ	25p	7	294	+ 2	362	226
Royal Dutch	Fl.20	7	£35⅛	+ ⅛	£47⅞	£31⅞
Tarmac	50p	7	195	+10	207	154
BAT Inds.	25p	6	285	—	362	255
Commerc. Union	25p	6	142	+ 2	185	134
De Beers Defd.	R0.05p	6	412xd	+ 1½	482	332
European Ferries	25p	6	120	−15	183	120
Exch. Telegraph	25p	6	191	+ 8	200	134
ICI	£1	6	350	+ 2	415	314

NEW HIGHS AND LOWS FOR 1979

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1979.

NEW HIGHS (52)

AMERICANS (5)
Burroughs Corp. — Shell Oil
Fluor Corp. — Zapata Corp.
GATX

CANADIANS (1)
Imperial Oil

BUILDINGS (4)
Burnett Hallamsh. A — Roberts-Adlard
Latham (J.) — Wiggins Constructn.

CHEMICALS (1)
Norsk Hydro

STORES (3)
Lee Cooper — Wearwell
Rosgill

ELECTRICALS (2)
Automated Security — Pye

ENGINEERING (3)
Locker (T.) A — United Engineering
Sagn Humar

INDUSTRIALS (5)
AGA AB — Macfarlane Group
Esselte AB — Scoteros
Hanson Tst. 6½pc Cnv.

PAPER (1)
More O'Ferrall

TRUSTS (5)
Atlantic Assets — Transatlantic Mkt. Trust
Oil & Associated — Viking Resources
Internatl. Inv. Tst. of Jersey

OILS (5)
Century — Ultramar 7pc Conv.
Oil Exploration — Woodside
Ranger Oil

MINES (17)
Grootvlei — St. Helena
Leslie — Unisel
South African Land — Anglo American Gold
Vlakfontein — Silvermines
Buffels. — Eagle Corp.
Elsburg — North Kalgurli
Vaal Reefs — Parings
Western Areas — Swan Resources
Western Deep

NEW LOWS (28)

BANKS (1)
Bank of Scotland

BUILDINGS (1)
Laing (John) A

CHEMICALS (1)
Novo Inds. A/S B

STORES (1)
Paradise (B.)

ELECTRICALS (1)
Dale Electric

ENGINEERING (7)
Amalg'd Power — Lloyd (F. H.)
Bristol Channel — Neill (James)
Brockhouse — Serck
Ductile Steels

HOTELS (1)
Prince of Wales

INDUSTRIALS (9)
Downs Surgical — L.K. Ind. Inv.
Essar Inds. — [illegible]
European Ferries — Unicorn Inds.
Findlay (A. R.) — Wilkinson Match
Hill (Charles)

MOTORS (1)
Rolls-Royce

PAPER (2)
BPC — Oxley Printing

TEXTILES (1)
Carpets Internatl.

TRUSTS (2)
Second Alliance Tst. — Smith Brothers

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	6	71	9
Corpns. Dom. and Foreign Bonds	5	7	63
Industrials	326	186	897
Financial and Prop.	155	44	288
Oils	25	3	12
Plantations	7	1	20
Mines	90	7	39
Others	80	8	66
Totals	714	327	1,394

EQUITIES

Issue Price p	Amount Paid Up	Latest Renunc. Date	1979 High	1979 Low	Stock	Closing Price p	+ or −	Div. P. or Amount	Times Covered	Gross Yield	P.E. Ratio
¶¶	F.P.	—	90	80	Barlow Hldgs.	87	......	T2.6	1.1	4.3	30.3
¶¶	F.P.	—	86	82½	Fogarty (E.) Defd.	86	......	—	—	—	—
160	F.P.	5/9	195	182	Mercantile House	182	......	10.72	2.5	8.4	7.5
¶¶	F.P.	—	39	30	St. George Assets 10p	37	......	bd1.0	1.5	3.9	24.0
¶¶	F.P.	—	202	166	Seltrust A. 5p	194	—8	—	—	—	—

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1979 High	1979 Low	Stock	Closing Price £	+ or −
¶91	F.P.	21/9	87	84	Aurora 8¼ Conv. Cum. Pref.	84	......
**	F.P.	21/9	107p	101p	Bradford Prop. 10½% Cum. Pref.	102pm	......
¶	£10	29/11	12	11¾	Eastbourne Waterworks 8% Red. Pref.	11¾	......
¶96½	£10	29/11	12¼	8¾	Essex Water 8% Red Pref. 1984	11¾	......
¶¶	F.P.	—	73½	69½	Lonrho 9% 2nd Mort. Deb. 87/92	69½	......
¶¶	F.P.	—	90½	88	Do. 12¾% 2nd Mort. Deb. 85-90	90	+½
¶¶	F.P.	—	99	95	Do. 12⅞% 2nd Mort. Deb. 80-85	96	......
97	F.P.	24/8	99¼	97¾	Scot. Agricultural Sec. 13% Deb. 97-99	98½	+½
100p	—	7/9	103p	100p	Stonehill 10½% Cum. Prf.	102pm	......

"RIGHTS" OFFERS

Issue Price p	Am'unt Paid up	Latest Renunc. Date	1979 High	1979 Low	Stock	Closing price p	+ or −
14	F.P.	23/8 21/9	19	17	Abwood Machine Tools	18	+1
110	F.P.	4/9 19/10	150	130	Bank Leumi	150	+10
[illegible]	Nil	11/9 19/10	64pm	37pm	Bank of New South Wales	54pm	−3
85	Nil	28/9 19/10	15pm	8pm	Benlox	8pm	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
125	F.P.	21/9 12/10	161	142	Estates Property Inv.	161	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	Nil	[illegible]	7pm	4pm	Hepworth Ceramics	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	36	30	Lennons	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Macarthys Pharm.	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Peko-Wallsend	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Setrust	[illegible]	[illegible]
[illegible]	F.P.	13/9 19/10	224	193	Unitech	212	+2
10	F.P.	5/9 17/10	12½	10½	Yorkgreen Inv.	12½	[illegible]

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. || Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or take-over. |||| Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Unlisted security. ‡‡ Issues as units comprising 2 income shares and 10 Capital shares at 125p per unit.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Mon., Sept. 24, 1979 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Fri., Sept. 21 Index No.	Thur., Sept. 20 Index No.	Wed., Sept. 19 Index No.	Tues., Sept. 18 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (172)	237.15	+0.3	18.15	6.07	7.07	236.51	237.83	240.82	243.84	247.50
2	Building Materials (27)	231.87	+0.5	17.43	5.90	7.44	230.63	230.03	233.98	234.03	215.71
3	Contracting, Construction (28)	380.68	+0.5	24.14	5.87	5.17	378.76	378.51	383.22	386.44	408.94
4	Electricals (15)	608.89	+0.5	13.36	3.81	10.01	605.49	605.50	612.13	622.47	552.43
5	Engineering Contractors (12)	317.94	−1.1	22.53	7.61	5.54	321.32	325.83	330.14	334.34	374.82
6	Mechanical Engineering (74)	160.13	−0.1	20.93	7.32	6.07	160.21	161.33	163.82	166.32	196.67
8	Metals and Metal Forming (16)	155.88	+0.1	20.07	9.62	6.19	155.68	156.20	156.71	159.74	177.44
	CONSUMER GOODS										
11	(DURABLE) (52)	234.00	+0.9	15.74	4.95	7.97	231.98	230.31	233.38	235.90	215.67
12	Lt. Electronics, Radio, TV (16)	335.77	+1.0	12.09	3.68	10.68	332.42	329.21	334.15	337.88	262.91
13	Household Goods (13)	141.23	—	21.15	7.73	5.84	141.23	142.17	143.55	144.86	185.51
14	Motors and Distributors (23)	109.41	+0.7	24.30	7.70	4.98	108.64	108.23	109.26	110.53	138.48
	CONSUMER GOODS										
21	(NON-DURABLE) (171)	234.00	+0.5	16.88	6.10	7.36	232.95	232.42	235.19	238.32	217.39
22	Breweries (14)	283.93	+0.2	15.99	5.39	7.46	283.23	283.10	285.62	289.44	229.99
23	Wines and Spirits (6)	324.32	+0.4	16.92	5.55	7.34	322.91	323.17	326.34	332.21	284.22
24	Entertainment, Catering (17)	311.38	+1.2	15.94	6.53	8.18	307.80	304.31	310.34	314.61	271.66
25	Food Manufacturing (19)	207.17	+0.3	19.17	6.59	6.47	206.47	205.82	207.59	210.17	213.70
26	Food Retailing (15)	303.20	+0.6	13.42	4.22	8.98	301.46	300.99	304.36	305.82	229.39
32	Newspapers, Publishing (12)	421.22	+0.5	22.54	6.91	6.13	419.23	418.30	423.02	428.96	397.39
33	Packaging and Paper (15)	129.95	−0.3	22.72	8.62	5.67	130.38	131.00	132.14	133.63	147.32
34	Stores (41)	233.46	+1.0	12.68	4.48	10.33	231.22	229.58	233.43	237.27	205.04
35	Textiles (23)	151.17	−0.1	24.28	10.28	5.20	151.35	151.62	153.14	153.92	183.48
36	Tobaccos (3)	237.35	−0.8	24.02	9.37	4.70	239.30	240.80	242.70	246.02	247.46
37	Toys and Games (6)	68.11	—	25.37	9.89	5.01	68.11	67.77	69.89	71.43	120.41
41	OTHER GROUPS (99)	202.72	+0.1	15.77	6.33	7.79	202.61	202.77	203.82	206.02	213.17
42	Chemicals (18)	284.43	+0.3	17.92	6.84	6.51	283.65	280.38	284.32	287.53	297.51
43	Pharmaceutical Products (7)	228.63	+0.3	11.87	5.05	10.42	227.94	227.50	227.59	230.66	282.15
44	Office Equipment (6)	118.91	+0.3	16.80	7.07	7.44	118.53	118.13	119.22	120.30	140.15
45	Shipping (10)	436.26	−3.4	12.16	6.08	10.50	451.50	450.89	455.18	460.57	431.07
46	Miscellaneous (58)	239.14	+0.3	16.29	6.29	7.86	238.45	238.82	241.43	243.64	227.44
49	INDUSTRIAL GROUP (494)	234.44	+0.3	16.84	6.06	7.43	233.63	233.44	235.91	238.83	230.93
51	Oils (6)	659.29	+0.4	17.16	7.35	6.27	656.73	627.49	636.63	642.87	506.42
59	500 SHARE INDEX	268.69	+0.4	16.90	6.29	7.19	267.75	265.42	268.42	271.62	254.12
61	FINANCIAL GROUP (116)	192.62	+0.5	—	5.53	—	191.71	192.44	193.25	195.35	168.45
62	Banks (6)	222.85	+0.7	37.10	5.75	3.44	221.51	223.09	223.07	225.38	186.22
63	Discount Houses (10)	250.13	−0.4	—	7.34	—	251.06	252.60	256.90	257.98	210.43
64	Hire Purchase (5)	171.74	—	19.25	5.07	6.65	171.74	170.75	171.32	171.95	156.07
65	Insurance (Life) (10)	161.39	+0.1	—	6.30	—	161.16	160.68	161.10	163.96	138.10
66	Insurance (Composite) (8)	127.97	+1.2	—	7.40	—	126.44	125.63	126.19	128.31	126.38
67	Insurance Brokers (10)	276.63	—	18.10	6.63	7.90	276.58	277.31	279.45	285.02	345.45
68	Merchant Banks (14)	100.96	+0.3	—	5.57	—	100.67	101.19	101.11	101.23	84.62
69	Property (43)	358.37	+0.3	3.46	2.64	42.13	357.26	360.47	363.23	365.14	261.82
70	Miscellaneous (10)	120.12	−1.0	15.49	7.46	8.27	121.37	123.24	124.27	124.66	118.25
71	Investment Trusts (110)	215.29	+0.2	—	5.32	—	214.94	213.67	215.30	216.96	229.84
81	Mining Finance (4)	129.63	+1.1	15.37	6.00	7.98	128.16	127.58	127.95	131.39	106.83
91	Overseas Traders (20)	340.42	−0.8	15.40	7.45	7.94	343.06	343.37	345.33	344.03	325.99
99	ALL-SHARE INDEX (750)	247.50	+0.4	—	6.12	—	246.62	245.13	247.47	250.30	231.92

FIXED INTEREST PRICE INDICES

	British Government	Mon., Sept. 24	Day's change %	xd adj. today	xd adj. 1979 to date
1	Under 5 years	105.27	−0.03	—	6.66
2	5-15 years	114.38	−0.29	—	7.86
3	Over 15 years	122.20	−0.30	—	8.85
4	Irredeemables	133.26	−0.49	—	9.02
5	All stocks	113.94	−0.21	—	8.05

FIXED INTEREST YIELDS

	British Govt. Av. Gross Red.		Mon., Sept. 24	Fri., Sept. 21	Year ago (approx.)
1	Low Coupons	5 years	10.28	10.18	8.98
2		15 years	10.77	10.74	10.92
3		25 years	11.34	11.30	11.76
4	Medium Coupons	5 years	12.22	12.23	11.30
5		15 years	12.55	12.49	12.10
6		25 years	12.52	12.46	12.15
7	High Coupons	5 years	12.67	12.60	11.68
8		15 years	12.86	12.81	12.57
9		25 years	12.79	12.73	12.55
10	Irredeemables		11.12	11.06	11.60

		Mon. Sept. 24 Index No.	Mon. Sept. 24 Yield %	Fri. Sept. 21	Thurs. Sept. 20	Wed. Sept. 19	Tues. Sept. 18	Mon. Sept. 17	Fri. Sept. 14	Thurs. Sept. 13	Year ago (approx.)
15	20-yr. Red. Deb & Loans (15)	58.18	†12.76	58.06	58.10	58.11	58.14	58.21	58.33	58.32	57.54
16	Investment Trust Prefs. (15)	50.57	13.27	50.57	51.22	51.22	51.25	51.28	51.46	51.47	51.71
17	Coml. and Indl. Prefs. (20)	68.95	13.03	69.21	69.04	70.36	70.52	70.68	71.19	71.19	71.84

† Redemption yield. Highs and lows record base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 14p, by post 22p.

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AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
72-80, Gatehouse Rd., Aylesbury 0296 5941

Abbey Gilt Int. Tst.	106.9	112.5	-0.1	3.16
Abbey Capital	37.3	39.9	+0.1	4.78
Abbey Income	43.7	46.7	-0.1	7.50
Abbey Inv. Tst. Fd.	37.5	40.1	.....	5.68
Abbey Gen. Tst.	47.8	51.1	+0.1	5.29
Equitas Prog. Tst.	70.8	74.7	+0.3	4.74

Allen Harvey & Ross Unit Tst. Mngrs.
45, Cornhill, London EC3V 3PB. 01-623 6314.

AHR Gilt & Pref.	96.7	101.8	.....	12.00

Allied Hambro Group (a)(g)
Hambro Hse., Hutton, Brentwood, Essex.
01-588 2851 or Brentwood (0277) 211459

Balanced Funds				
Allied 1st	72.3	77.4xd	+0.3	6.20
Brit. Inds. Fund	70.1	75.0	+0.2	5.41
Grth. & Inc.	40.8	43.7	+0.2	5.49
Elect. & Ind. Dev.	38.0	40.7	+0.1	5.16
Allied Capital	76.1	81.4	+0.1	4.91
Hambro Fund	118.2	126.5	+0.9	5.81
Hambro Acc. Fd.	139.3	149.0	+0.9	5.08
Income Funds				
High Yield Fd.	71.6	76.4xd	.....	8.95
High Income	68.6	73.4xd	+0.1	7.65
A. H. Eq. Inc.	40.8	43.7	+0.2	7.76
International Funds				
International	26.7	28.6	+0.2	2.81
Pacific Fund	38.2	40.9	+0.1	2.18
Secs. Of America	60.2	64.4	+0.5	1.96
Specialist Funds				
Smaller Co.'s Fd.	48.4	51.8	+0.1	4.05
2nd Smlr. Co's Fd.	58.5	62.6xd	-0.1	4.15
Recovery Sits.	113.5	121.4	+0.4	5.53
Met. Min. & C'dty.	48.4	51.8	+0.3	5.02
Overseas Earnings	57.5	61.5	+0.3	5.37
Exempt Funds				
Far East Exempt	46.2	49.0	+0.3	2.93
Smaller Co. Exempt	73.7	78.4	+0.1	4.68
U.S.A. Exempt	104.6	108.8xd	+1.0	3.22

Anderson Unit Trust Managers Ltd.

Friends' Provdt. Unit Tr. Mgrs.♥
Pixham End, Dorking. 0306 5055

Friends Prov. Uts.	49.2	52.6	.....	4.65
Do. Accum.	66.0	70.5	.....	4.65

Funds In Court*
Public Trustee, Kingsway, WC2. 01-405 4300

Capital Sept. 13	111.5	111.8	.....	4.85
Gross Inc. Sept. 13	78.4	79.6	.....	9.80
High Yield Sept. 13	87.1	89.6xd	.....	9.49

*Unauth. Restricted to monies under Court control.

G.T. Unit Managers Ltd.♥
16 Finsbury Circus, EC2M 7DD 01-628 8131

G.T. Cap. Inc.	104.7	111.3	.....	4.10
Do. Acc.	130.1	138.3	.....	4.10
G.T. Inc. Fd. Un.	167.9	178.7	.....	9.10
G.T. U.S. & Gen.	140.8	149.7	.....	2.60
G.T. Japan & Gen.	81.8	86.5	.....	2.80
♦Gt. Pens. Ex. Fd.	227.7	239.0	.....	5.20
G.T. Int'l. Fund	158.4	168.4xd	.....	2.60
G.T. Four Yds. Fd.	54.2	57.6	.....	7.80
G.T. Far East & Gen.	46.0	49.4	.....	3.10

G. & A. Trust (a) (g)
5 Rayleigh Road, Brentwood. (0277) 227300

G. & A.	36.1	38.6	+0.3	5.00

Gartmore Fund Managers♥ (a)(g)
2 St. Mary Axe, EC3A 8BP 01-623 6114
Dealing only: 01-623 5766/5806

American Tst.	27.4	29.4	+0.4	1.94
British Tst. (Acc.)	65.0	69.9	.....	5.13
Commodity Share	31.4	33.8	+0.2	3.43
Extra Income Tst.	23.8	25.6	.....	9.55
Far East Trust	32.2	34.6	+0.6	2.81
High Income Tst.	57.8	62.2	.....	9.61
Income Fund	76.5	82.3	+0.2	7.14
Ins. Agencies	£14.24	15.23	+0.09	4.51
Intl. Exempt Fd.	93.0	100.6	-0.2	7.22
Intl. Tst. (Acc.)	32.8	35.3	+0.1	1.52

Gibbs (Antony) Unit Tst. Mgs. Ltd. (a)
3 Frederick's Pl., Old Jewry, EC2 01-588 4111

Extra Income	28.3	30.8xd	.....	9.90
Income	41.0	44.1	+0.1	9.20

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OFFSHORE & O'SEAS FUNDS

NOTES

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MINES—Continued

AUSTRALIAN

1979 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
14	9	Acmex	13	+1	—	—	—
15	4	ACM 20c	13	−1	—	—	—
80	50	Bond Corp	80	......	—	—	—
171	100	Bougainville 50 Toea	133	−5	†Q15c	2.0	5.9
170	84	BH South 50c	160	+6	←	—	—
860	340	Central Pacific	830	+10	—	—	—
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GOLDS EX-$ PREMIUM

London quotations for selected South African gold mining shares in U.S. currency excluding the investment dollar premium. These prices are available only to non-UK residents.

1979 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
$20⅝	$10½	Buffels R1	$20⅝	+⅛	Q200c	ϕ	11.9
$15⅝	890c	East Drie R1	$15⅝	+⅝	†Q115c	1.6	8.9
$11½	350c	East Rand Prp. R1	$10⅝	−⅝	†Q10c	—	1.7
$33¾	$18¼	F.S. Geduld 50c	£33½	+¼	†Q315c	2.4	11.4
$23¾	$11⅛	Pres. Brand 50c	$23⅝	+⅝	†Q150c	3.2	7.7
$23¾	$10¼	St. Helena R1	$23⅝	+⅛	Q300c	ϕ	16.1
840c	407c	Stilfontein 50c	840	+5	†Q66c	1.7	9.5
$37⅜	$18¼	Vaal Reefs 50c	$37⅜	+⅝	†Q280c	2.7	9.5
$52	$28¾	West Drie R1	$51	+¼	Q615c	1.3	0.7
$40¼	$22¾	West Hldgs. 50c	$39	......	†Q415c	1.4	12.9
$20¼	$10⅝	Western Deep R2	$20¼	+½	†Q147½c	2.3	0.1

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling or EEC currencies are quoted inclusive of the investment dollar premium.

- Δ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- ¢ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ≠ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- [illegible]

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FINANCIAL TIMES

Tuesday September 25 1979

Chrysler peace formula for Ryton

By Arthur Smith, Midlands Correspondent

CHRYSLER UK management yesterday *worked out* a peace formula with union leaders which, it is hoped, will end the 12-week strike by 2,000 workers at the Ryton assembly plant, Coventry.

The proposals, hammered out in 10 hours of talks, will be put to shop stewards today. Their decision would have to go to a mass meeting of workers, however, where bitterness about the dispute could well prove an important factor.

Chrysler UK, now owned by PSA-Peugeot Citroen, has insisted from the outset that it cannot afford more than a 5.5 per cent pay increase plus a self-financing incentive scheme. The unions have demanded more than 20 per cent.

The Advisory, Conciliation and Arbitration Service intervened last week to bring the two sides together after Chrysler warned that the Ryton plant would shut within a matter of weeks unless there was a quick end to the strike.

Any breakthrough at Ryton is bound to influence the strike by 3,100 workers at the nearby Stoke engine plant. The walkout by Stoke employees over the pay issue 11 weeks ago has brought all Chrysler UK car assembly to a standstill.

Ryton's solidarity behind the strike has shown no signs of crumbling. But union leaders are conscious of the plant's vulnerability; the Chrysler France factory at Poissy can produce in one shift as many vehicles as are produced at the Coventry site in a week.

Engineers' strike has wide support

By Alan Pike, Labour Correspondent

THE FOURTH two-day strike began in the engineering industry yesterday, once again attracting widespread support at factories throughout the country.

Mr. Alex Ferry, general secretary of the Confederation of Shipbuilding and Engineering Unions, said last night: "Support appears to be exactly the same as over the past few weeks with no weakening whatsoever."

The Engineering Employers Federation, which last week calculated that 340,000 workers had defied the strike instruction said yesterday that the number of defections yesterday appeared to be higher although it could not give a precise figure.

Holiday

Workers at more than 1,000 engineering plants are on holiday *this week, a factor which* complicated the picture. Without doubt, however, most defections from the dispute are in small companies. The weekly industrial action has been solid where there are large workforces and strong union organisation.

About 30,000 British Aerospace *employees joined the* strike yesterday, causing severe disruption at its 25 factories, in spite of a management appeal last week for normal working.

Demands

Employers say that lay-offs are likely to increase after this week's strike ends tonight. Mr. Steve Rankin, West Midlands regional director of the Confederation of British Industry, said yesterday that the dispute had already wiped out an entire year's profits for some companies in the region.

Union leaders claim that 50 EEF companies have now conceded their full claim, which includes demands for a £80 per week minimum craft rate and an hour off the working week this year, in private settlements. The EEF says that only 18 companies have been required to resign for reaching independent settlements, while a further three are under investigation.

The Amalgamated Union of Engineering Workers executive is due to meet today while EEF leaders will be reviewing the progress of the dispute tomorrow. But, following the failure of peace talks last week, there are no indications that an early settlement is likely.

OPEC proposes energy talks with industrialised nations

BY DAVID HOUSEGO

MEMBERS of the Organisation of Petroleum Exporting Countries have offered to take part in talks with the industrialised countries on world energy in posing international discussions between industrialised and developing nations on other broad *economic* issues.

It is believed to be the first time the oil producing states have taken the initiative in proposing international discusions on energy.

After the last major increase in oil prices in 1973-74, they resisted proposals from the West for discussions on pricing and supply. They finally agreed to make energy one of the four issues to come under review at the 1977 Paris Conference on International Economic Co-operation (the North/South Dialogue).

The conference now proposed would be under UN auspices. Unlike the Paris conference, which was restricted to 27 countries, it would include all UN members. In addition to energy, raw materials, development and finance — which were discussed at the 1977 Paris conference — the discussions would also include trade.

The initial suggestion for the conference came from Algeria, with backing from Venezuela. Western diplomats see it as a tactical device for reducing the pressure on OPEC from other developing countries seeking special concessions on oil prices and supplies.

At recent UN debates, where the Algerians unexpectedly put forward their proposal. Western officials have pointed out that these subjects were more realistically discussed in existing specialised institutions. But they concede they cannot stand out against the idea of the conference without being accused of sabotaging the dialogue between industrialised and developing countries.

Western governments are likely to support a motion in the UN General Assembly next month which would enable the Special Session of the UN in 1980 to take a final decision on holding the conference.

But Western officials are dubious of the value of a reconvened North/South gathering on an even larger scale. They believe that OPEC will try to resist making any concessions over the pricing of supply of oil by making these dependent on the West agreeing to concessions of trade barriers, aid or any other issues which developing nations have been pressing.

They see OPEC's purpose as an attempt to turn the tables on the West and re-establish the solidarity that formerly existed with other developing nations. But they welcome the opportunity to negotiate over energy with OPEC members.

The Algerian proposal is believed to stem from the growing attacks on OPEC that emerged at last year's UNCTAD V conference in Manila, and, in sharper form, at the recent Havana meeting of the non-aligned nations. At Havana, developing nations pressed OPEC members for greater co-operation between the "South" group of states, and for concessions on oil prices and supplies.

It was the Algerians who succeeded in getting resolutions to this effect watered down.

Liberals consider taking Government to court

BY ELINOR GOODMAN, LOBBY STAFF

THE GOVERNMENT may be taken to the European Court of Human Rights by the Liberal Party over the UK General Election system. The party has consulted two leading counsel, and believes that the first past the post voting system may constitute discrimination under the European Human Rights Convention.

The decision, to consider taking the case forward, is understood to have been approved by the Liberal executive at a closed meeting in Margate on the eve of the party's annual conference. It is likely to be announced to delegates in a private session today. Party organisers may launch a fund raising campaign to finance the action.

The hope seems to be that, if the Court agrees that the Liberals' case is admissible, the Government might make some *move* towards the Liberals' long-term goal of proportional representation, possibly by offering a referendum on the subject, avoiding a formal hearing of the case in the court.

The Prime Minister, however, is known to be strongly opposed to PR and would strongly resist any move to use European institutions to influence the voting procedures used in British elections.

In the past, Liberal leaders have talked of possibly taking the Government to the Court over the election to the European assembly, in which the party won 13 per cent of the vote but not a single seat.

They were apparently advised that there was no case against the Government for using the first-past-the-post system in the European poll because it was part of the agreement reached by the leaders of the EEC member countries.

With the Westminster elections, the argument will apparently be that the Government maintained the present electoral system knowing that it discriminated against the Liberals, who in June won only 11 seats with 14 per cent of the vote.

The move is the latest in a long series by the Liberals in pursuit of proportional representation. Having failed to achieve it despite the pact with the last Labour Government, Liberal leaders decided that they would have to look outside Parliament for ways of getting their case across.

Though they genuinely hope that the action will result in some recognition by the British Government of the unfairness of the present electoral system —and indeed some positive move towards changing it— they are presumably working on the assumption that, if nothing else, the case will keep the question of PR in the public eye in a period between elections when it might otherwise be buried.

The case will have to be submitted to the Court within the next few weeks. It will then be up to the Court to decide whether it is admissible.

Liberals back law reform, Page 11

Exxon goes ahead with Reliance takeover

By David Lascelles in New York

EXXON, the world's largest oil company, yesterday took the plunge in its \$1.17bn (£542m) bid for Reliance Electric by deciding to purchase the shares it has been tendered, even though the takeover is still *being challenged by the Federal* Trade Commission.

The move makes more likely a major court battle over the deal.

Exxon received 95 per cent of Reliance's shares last July, but refrained until yesterday from paying for them, while it fought the commission's challenge in the courts. Reliance's management and shareholders had grown restive in recent weeks, and had filed lawsuits seeking to make Exxon pay.

Exxon also revealed yesterday that its attempts to reach an out-of-court settlement over the Commission's anti-trust challenge to the take-over had broken down.

The focus of the action now shifts to the courts in Washington where Exxon will try to win an amendment to an order last month which imposed severe limits on its freedom to absorb and manage Reliance if the take-over is completed before the anti-trust suit is settled.

Exxon has said the order poses an obstacle to the takeover, but its decision to pay for the Reliance shares suggests it is reasonably confident that the order will be amended or lifted.

Mr. C. C. Garvin, Exxon's chairman, said the company had decided to pay up because of the danger that more Reliance shareholders might start withdrawing their shares from the depository. The possibility of further delays also concerned tthe company, he said.

Exxon will now complete the acquisition as fast as possible.

Exxon bid \$72 a share for Reliance in the spring in order to have a facility to develop and produce what it claims to be a device to save energy consumed by electric motors. The Federal Trade Commission says Exxon should be developing the device itself.

Reliance shares shot up more than \$5 to open at \$68½ after *the news.*

Unions expect to exert influence over Labour's policy-making

BY CHRISTIAN TYLER, LABOUR EDITOR

UNION LEADERS expect to exert considerable influence over Labour Party policy-making, whatever the outcome of next week's conference debate on control of the party manifesto.

The clash of opinion among party leaders over the party's constitution was set aside yesterday when trade union general secretaries met members of the party national executive and of the Shadow Cabinet in the forum of the TUC-Labour Party liaison committee. Among them was Mr. James Callaghan, the party leader, and Mr. Eric Heffer, one of his Left-wing opponents.

The committee devoted the session to considering longer-term policy strategy and exploring areas where unions and politicians could co-operate in attacking the Government's management of the economy.

The MPs asked the union representatives about their Congress decision to seek renationalisation without compensation of public assets sold by the Government.

Mr. Callaghan and Mr. Heffer both agreed that such a warning to the City was useful, but will want the consequences of such a policy investigated. Mr. Len Murray, for the TUC said that the TUC general council had reservations, since workers' pension funds, for instance, might become buyers of sold-off assets.

The unions and MPs agreed that their separate campaigns against the Government's economic policy had common objectives. They are unlikely to join forces, except perhaps in the special case of fighting the cuts demanded of local authorities.

A statement from the committee accused the Government of promoting the worst recession since the 1930s. Nationalised industries were being threatened with not only sales of assets but also "restrictive cash limits." In the case of steel, this could lead to the closure of one of the big modern plants.

Richard Evans writes: The Shadow Cabinet yesterday adopted a deliberately low profile in the controversy on party reform.

Although the proposals were discussed during a two-hour meeting at Westminster, no statement was issued or any hint given of unanimous support for Mr. Callaghan in his attempt to prevent a victory by the Left.

After the last meeting of the Shadow Cabinet a unanimous statement was made opposing any change in the drawing up of the manifesto—one of the proposals being pressed by the Left. But this time it was felt that the internecine warfare had already done so much damage that another intervention could be counter-productive.

Busmen's bonus doubled

By Lynton McLain

LONDON TRANSPORT has doubled to £100 the bonus paid to employees who introduce *recruits in an effort to reduce a* shortage of bus drivers, mechanics, computer programmers and operators.

Continued from Page 1

Dollar under pressure

said he felt the "dollar's recent performance is more a reflection of the strength of the Deutsche Mark rather than any weaknes of the dollar, but both the dollar decline and higher gold prices are warning signals that there is some concern overseas about the course of the U.S. economy."

The changes provide the first real test of EMS consultation rules; a change in central parities is permitted on the basis of mutual agreement. The main immediate question is whether the Belgian franc — which had been the weakest *member of the system along* with the now devalued Danish krone—will be able to remain above its lower margin of intervention.

The realignment had little impact on sterling which again remained on the sidelines for most of the day. The pound was unchanged against the D-mark at DM 3.82, which is 4¼ per cent less than in the middle of the month. Sterling slipped 65 points against the dollar to \$2.1570 and its trade-weighted index dropped by 0.3 points to 67.9.

The realignment of EMS parities will have no effect on the UK's attitude to the system and sterling will not be linked to the other EEC currencies in the immediate future.

The changes do, however, affect the calculations of farm subsidies between the countries, known as monetary compensatory amounts.

Continued from Page 1

Nigeria lifts embargo

Commonwealth approach to the problem. It can be seen as a sign of Nigerian approval for the Lancester House conference on Rhodesia, which grew out of the Commonwealth meeting.

According to the business community here, the ban affected tenders for several major federal government contracts. But some small federal tenders by British companies continued to be accepted, and the ban never affected contracts with the Governments of Nigeria's 19 states.

Weather

UK TODAY

MOSTLY cloudy, some rain or drizzle.

London, S.E., E., N.E., Cent. S., Cent. N. England, E. Anglia, Midlands, Scotland (except S.W. and Glasgow), N. Ireland, Orkney, Shetland

Rather cloudy with rain or drizzle. Bright intervals later. Max. 14C (57F).

S.W., N.W. England, Lakes, Wales, S.W. Scotland, Glasgow, Channel Isles, Isle of Man

Mainly cloudy, occasional rain. Rathr cold. Max 13C (55F).

Outlook: Changeable and rather cold.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	C	18	64	Cologne.	C	11	52	Lisbon	S	21	70	Paris	C	12	54
Algiers	C	20	68	Cpnhgn.	C	13	55	Locarno	C	17	63	Perth	C	17	63
Amsdm.	F	14	57	Dublin	F	13	55	London	F	15	59	Prague	R	7	45
Bahrain	S	35	95	Dbrvnk.	S	24	75	Luxmbg.	C	11	52	Reykjvk.	R	8	46
Barclna.	S	20	68	Ednbgh.	C	13	55	Luxor	S	37	99	Rhodes	S	30	86
Beirut	S	27	81	Faro	S	21	70	Madrid	S	19	66	Rio J'o	S	27	80
Belfast	R	11	52	Florence	R	16	61	Majorca	S	21	70	Rome	R	19	66
Belgrd.	C	12	54	Frankft.	F	15	59	Malaga	S	23	73	Salzbrg	R	6	43
Berlin	C	13	55	Funchal	C	22	72	Malta	F	25	77	Singapr.	C	29	85
Biarritz	C	18	64	Geneva	F	10	50	M'chstr.	S	15	59	Stckhm.	C	12	54
Bmghm.	F	13	55	Gibrltr.	S	22	72	Melbne.	C	14	57	Sydney	R	15	59
Blackpl.	S	15	59	Glasgow	C	11	52	Milan	R	15	59	Tangier	S	23	73
Bordx.	C	17	63	G'rnsey	F	14	57	Mntreal.	S	13	55	Tehran	S	22	72
Boulgn.	F	15	59	Helsinki	F	12	54	Munich	R	8	46	Tenerife	C	16	61
Bristol	C	11	52	H. Kong	C	27	80	Nairobi	S	23	74	Tokyo	C	21	70
Brussels	R	12	54	Innsbrk.	R	7	45	Naples	R	22	72	Toronto	S	15	59
Budpst.	C	18	64	Invrnss.	C	12	54	Nwcstl.	S	15	59	Tunis	F	24	75
B. Aires	R	15	59	I.o.Man	F	13	55	N. York	S	16	61	Valencia	S	21	70
Cairo	S	32	89	Istanbul	S	27	81	Nice	F	21	70	Venice	R	19	66
Cardiff	C	13	55	Jersey	F	15	54	Nicosia	S	29	84	Vienna	R	11	52
Cas'b'ca	S	22	72	Jo'burg	S	23	73	Oporto	S	21	70	Warsaw	C	14	57
Cape T.	S	17	62	L. Plms.	C	23	73	Oslo	S	14	57	Zurich	R	8	46
Chicago	S	21	70												

C—Cloudy. F—Fair. Fg—Fog. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow.

THE LEX COLUMN

Dalgety's tactics for Round Two

Index rose 1.7 to 462.0

THERE is still a hard slog ahead for Dalgety in its battle for control of Spillers. Acceptances by the first closing date last Friday amounted to 29 per cent, including just over 12 per cent from Dalgety's merchant bank, Lazards. That is not an impressive total, even though there was no incentive for Spillers shareholders to accept in a hurry. It looks increasingly likely that Dalgety will have to offer more, notwithstanding the fact that it is now forecasting a rise of at least a tenth in *this year's dividend.*

However, it cannot afford to bid much more, and its room for manoeuvre is limited. It did not get an overwhelming mandate from its own shareholders at yesterday's special meeting —some 30 per cent of the outstanding equity was voted in favour of the deal, and 15 per cent against. And thanks to the way that the resolution was worded, any increase in the terms will again have to be approved by shareholders.

The most powerful argument in Dalgety's favour lies in the prospect of Spillers remaining independent under its existing management. Dalgety and its advisers cannot buy many more shares in the market without incurring an obligation to make a cash alternative available to all shareholders. Instead, it could decide to let Spillers shareholders sweat it out a little. Under the rules of the code, it does not have to make any *decision* about increasing its offer until mid-October. A few pennies more on a take-it-or-leave-it basis could still win the day.

Fisons

Fisons' problems in the first half of this year were well *enough discounted for the stock-*market to take the 36 per cent fall in pre-tax profits to £7.3m in its stride. On top of the haulage strike, the group had to contend with a nine-week stoppage at Immingham docks, and the poor weather bit deep into its sales of agrochemicals, *which have a strong spring bias.* Encouragingly, the pharmaceutical and scientific equipment divisions both turned in higher profits despite the strength of sterling.

But the depression on the agricultural side—fertilisers and agrochemicals together earned less than £1m on sales of *£127m*—does not just result from strikes and bad weather. In fertilisers, Fisons is still at a basic disadvantage vis-à-vis ICI, with its access to cheap feedstock: ominously, Fisons has been unable to make its mid-year price rise stick. In commodity agrochemicals, where there is widespread price-cutting internationally, it is probably losing money, while its sugar-beet herbicide Nortron has run into difficulties in the U.S., where beet acreage is being reduced.

The group now ought to be close to the low point of its fortunes. Fisons should claw its way to £17m or so this year, against £22.9m in 1978, and the increase in the dividend—10 per cent at the gross level, suggesting a prospective yield of 9½ per cent at 245p—is a confident gesture. But under present trading conditions, recovery in 1980 to 1978 profit levels and beyond is no formality.

European Ferries

Earlier this year European Ferries' share price stood at 183p. Last night it slumped to its year's low of 120p which gives some measure of the stock market's disenchantment with the interim figures. In fact, the *combination of substantially* higher fuel costs and the impact of the road haulage dispute cost the group £2.5m which more than explains the £1.8m drop in the group's first half profits to £6.7m.

The absence of strikes plus the introduction of fuel surcharges should ensure some recovery in the second half but Euroferries' shipping profits (which had virtually doubled in *the previous two years*) are likely to be lower this year, nevertheless. Harbour division profits should improve and property profits (non-existent in 1976) will probably jump significantly this year and could provide as much as a third of total profits. Even so Euroferries' profits in 1979 could fall *below last year's £25.9m.*

For the stock market the big question now is whether European Ferries' profit growth will be resumed next year. The cross-Channel tourist market is described as "static" currently and the combination of a sharp increase in hovercraft sorties, and increased competition from other *conventional* ferry operators, is beginning to hurt. Against this European Ferries has an excellent record as the market leader and is not going to give up market share lightly. The shares yield a prospective 5.4 per cent.

Currencies

There have been three factors behind the recent currency unrest: a mistrust of all money—manifested in the gold price, a mistrust of President Carter's dollar, and a surefire punt on a revaluation of the Deutsche Mark within EMS. Only the last of these three has been defused by Sunday night's changes in the EMS parities. Money managers still wishing to steer clear of the dollar now have a wider range of currency alternatives to consider because it seems politically improbable that changes in EMS will recur in the next few months. Under *these circumstances* French franc interest rates of 11½ per cent, or the 9½ per cent available on Dutch guilders, look a better deal for the time being than the 6 per cent on the Euro-Deutsche-Mark.

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